

POSTCARD
an Hiden

The Global Newspaper
Edited in Paris
Printed Simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague and Marseille

WEATHER DATA APPEAR ON PAGE 10

Herald Tribune

Published With The New York Times and The Washington Post

No. 31,725

ZURICH, TUESDAY, FEBRUARY 19, 1985

ESTABLISHED 1887

Korea Shakes Up Cabinet

Intelligence
Chief to Head
Government

The Associated Press
SEOUL — President Chun Doo Hwan on Monday named the head of the national security agency to lead his cabinet in a government shake-up that came a week after a new opposition party made major gains in parliamentary elections. It was the biggest shake-up since Mr. Chun, a former general, rose to power in 1980.

Earlier in the day, the 22-member cabinet headed by Prime Minister Chin Ie Chong resigned.

The presidential office announced that the new cabinet would be headed by Lho Shin Yung, 54, director of the Agency for National Security Planning, formerly called the Korean Central Intelligence Agency. A career diplomat, he was foreign minister from 1980 to 1982.

In the new cabinet, President Chun retained the foreign minister and most of the ministers dealing with the economy, indicating that there would be little change in his pro-Western and stability-oriented policies.

But the former general also brought in six relatively successful civilian politicians to help improve the cabinet's image and deal better with the strong opposition that emerged from the election.

Nine ministers from the former cabinet retained their posts, while new people took 13 other posts.

Those retained included Deputy Prime Minister Shin Byong Hyun, Foreign Minister Lee Won Kyung, Finance Minister Kim Maun Je and Defense Minister Yoon Sung Min.

In last Tuesday's elections for the 276-member National Assembly, the newly formed New Korea Democratic Party outpolled Mr. Chun's Democratic Justice Party in the country's four largest cities, including the capital of Seoul.

The party, supported by the dissident leader, Kim Dae Jung, be-



Lho Shin Yung

came the second largest political party by winning 68 seats. Mr. Chun's party holds 148 seats.

Mr. Kim returned to South Korea shortly before the election, ending two years of political exile in the United States. The authorities immediately confined him to his house.

Mr. Chun's spokesman, Hwang Sun Pil, quoted the president as saying he expected the new cabinet to carry on national tasks to "meet the expectation of the people aspiring for stability and reform."

The demand for stability, which often has been cited in the past as a reason for suppressing dissent, is important to South Korean leaders as they prepare for the 1988 Summer Olympics.

Reaction to Scuffle
A scuffle between security police and U.S. supporters of Mr. Kim at Seoul Airport this month was "a trivial incident" in comparison to recent human rights strides in South Korea, Elliott Abrams, assistant U.S. secretary of state for human rights, said Sunday in Washington, the Los Angeles Times reported.

Mr. Abrams cited last week's elections as proof of South Korea's commitment to human rights.

Representative Edward F. Feighan, Democrat of Ohio and a member of the House Foreign Affairs subcommittee on human rights who accompanied Mr. Kim to Seoul, disagreed with Mr. Abrams.

Mr. Feighan described the scuffle as "an important incident" because of the U.S. commitment to South Korea. Washington provides \$250 million in military aid each year, and 40,000 American troops are stationed there.

U.S. Plans Satellite Defenses

System Includes
Surveillance
Of Deep Space

By Walter Pincus
Washington Post Service

WASHINGTON — The Pentagon is developing a generation of deep-space navigation, communications and spy satellites capable of evading Soviet attack, aided by a nearly completed network of ground stations that will keep constant surveillance on all objects in deep space, according to sources inside and outside the Reagan administration.

Studies are under way to see if the satellites also can be armed to defend themselves.

The satellites, which would hover 22,000 miles (35,000 kilometers) in space, are being hardened against radiation and laser attacks, and some are being given tiny jet engines so they can be maneuvered away from attack.

At the same time, Spacetrack, a little-publicized worldwide network of five space-watching facilities, is nearing completion. When operational in 1988, it will give constant global coverage of all satellites in deep space.

"We are looking at the ultimate video game," a nongovernment source said last week. "With telescopes and video displays, the United States will be able to watch any attacker approach its satellites and, by sending off signals, have that satellite maneuver away," he said.

Eventually, he added, it may be possible "to attack the attackers."

The space-based surveillance system, in addition to replacing the ground-based Spacetrack system, would serve as a part of President Ronald Reagan's Strategic Defense Initiative, according to budget documents made available by the administration. President Reagan's plan, popularly called "star wars," is designed to detect and destroy missiles in flight.

The goal of the new satellite system is to detect and destroy missiles in flight.



Mohammed Habli, a militia leader accused of collaborating with the Israelis, is pushed by gunmen into the trunk of a car in Sidon and driven away. His fate has not been learned.

Across Borders, Pullout Leads to Fears

In Sidon, Past Catches Up
With Israeli 'Collaborator'

By John Kifner
New York Times Service

SIDON, Lebanon — The past caught up with Mohammed Habli here Sunday. He was one of a triumvirate of local militia leaders that Sidon residents say were "enforcers" for the Israelis, terrorizing the population.

Now that the Israelis are pulling out of southern Lebanon — their last troops left Sidon on Saturday — their "collaborators," as they are called, are increasingly under attack.

Thousands of Muslim fundamentalists from Beirut, backed by hundreds of armed men, poured into Sidon on Monday, smashing liquor stores and demonstrating against President Amin Gemayel, Reuters reported from the city.

[Shouting slogans against Mr. Gemayel, Israel and the Lebanese Army, they demonstrated for the establishment of an Islamic republic but then headed back to the city.]

A City in Northern Israel
Expects Renewed Shelling

By Edward Walsh
Washington Post Service

KIRYAT SHEMONA, Israel — Haim Bitton, director of security in this northern Israeli city, has been preparing for the day for six months. After last summer's parliamentary elections in Israel, the mayor told him to begin cleaning up the city's 140 public shelters because they would soon be needed again.

Zeev Peleg, the principal of Danziger High School here, waited a while longer before he acted. But by late November, almost two months before the government in Jerusalem made the inevitable decision to begin withdrawing the military from southern Lebanon, Mr. Peleg had reinstituted regular drills in schools so that children would know how to reach the shelters, and what to do when they gathered there.

"I knew it was coming," Mr. Peleg said Sunday in his office here, about 5 miles (8 kilometers) south of the Lebanese border.

What Mr. Bitton, Mr. Peleg and others here have

Westmoreland Drops Libel Case Against CBS

By M.A. Farber
New York Times Service

NEW YORK — General William C. Westmoreland has dropped his \$120-million libel suit against CBS in an agreement under which the television network will not disavow the 1982 documentary on the Vietnam War that is the basis of the suit and will not pay any money to the retired general.

As part of the settlement, CBS also agreed not to demand payment of any court costs by the general, lawyers on both sides of the case said Sunday night.

[The parties issued a joint statement Monday saying that "their respective positions have been effectively placed before the public for its consideration and that continuing the legal process at this stage would serve no further purpose." The Associated Press reported.]

"Historians will long consider this and other matters related to the war in Vietnam," the statement said. "Both parties trust their actions have been broadened the public record on this matter."

"CBS respects General Westmoreland's long and faithful service to his country and never intended to assert, and does not believe, that General Westmoreland was unpatriotic or disloyal in performing his duties as he saw them," the statement added. "General Westmoreland respects the long and distinguished journalistic tradition of CBS and the rights of journalists to examine the complex issues of Vietnam and to present perspectives contrary to his own."

The agreement is to be read Tuesday to the jury in the case, which will then be dismissed.

The settlement came after 18 weeks of testimony by 36 witnesses in U.S. District Court in Manhattan and only a week before the case, which is believed to have cost at least \$7 million to \$9 million, was scheduled to go to the jury.

The settlement discussion was apparently initiated last week by Dan M. Burt, General Westmoreland's principal lawyer.



William C. Westmoreland

The costs of pursuing the case for General Westmoreland — about \$3.25 million since the suit was filed in September 1982 — have been borne by the Washington-based Capitol Legal Foundation, of which Mr. Burt is president.

He said recently that the foundation, which is supported by conservative foundations and businessmen, was "550,000 in the hole."

The suit stemmed from a CBS Reports documentary titled "The Uncontested Enemy: A Vietnam Deception," produced by George Crile and narrated by Mike Wallace.

Both men are individual defendants in the case, as is Samuel A. Adams, a former Central Intelligence Agency analyst who was a paid consultant for the broadcast.

The documentary charged that General Westmoreland's command had engaged in a "conspiracy" in 1967 to show progress in the war by understating the size and nature of the North Vietnamese and Vietcong enemy.

As a result of this "conscious effort," it said, President Lyndon B. Johnson and American troops, as well as the public, were left "totally unprepared" for the Tet offensive by the Vietcong.

The broadcast said that, for political and public relations reasons, General Westmoreland imposed an "arbitrary ceiling" of 300,000 on reports of enemy strength.

Shortly after the trial began, Judge Pierre N. Leval said the issue in the case was not whether General Westmoreland's command was "right or wrong" in its reports of enemy strength but whether the general had "attempted to deceive" his superiors.

General Westmoreland called to the stand 19 witnesses, including a number of his senior military aides in Vietnam and a battery of ranking government officials from the Johnson administration.

Virtually all of these witnesses testified that the general did not, would not, and even could not deceive his superiors.

CBS began presenting its case on Jan. 8. Besides Mr. Adams and Mr. Crile, its witnesses included George W. Allen, a former deputy to General Westmoreland; the chief of Vietnamese affairs for the CIA; a number of other CIA and military intelligence analysts from 1967; and, in recent days, two key aides to General Westmoreland.

One of those aides, Major General Joseph A. McChristian, testified that, in May 1967, General Westmoreland delayed sending a cable to Washington reporting increased strength of enemy irregulars because it would have been a "political bombshell."

The other aide, Colonel Gains Hawkins, former chief of General McChristian's order-of-battle section, said that General Westmoreland had fixed a "dishonest" ceiling on total enemy-strength figures because higher figures were "politically unacceptable."

INSIDE

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To Our Readers
Due to the Chinese New Year holiday marking the advent of the Year of the Ox, the Feb. 20 issue of the International Herald Tribune will not be published in Asia.

U.S. Farms: The Trend Is To Fewer and Larger Ones

By William Robbins
New York Times Service

KANSAS CITY, Missouri — Spreading hardship is speeding American agriculture toward a destiny of fewer and larger farms.

And while the result may be lower food costs, many of the more efficient farmers in the United States will be forced out of business, and the economic and social costs for rural communities are likely to be high.

These are the conclusions of agricultural economists who are examining mounting farm debt, rising costs and falling crop prices that are driving increasing numbers of growers out of business.

As they examine the farmers' plight, the economists are finding clues that undermine some widely held beliefs. These are some of their conclusions:

• There is doubt that this economic shakeout will eliminate primarily the least efficient farmers, saving the land to more efficient users. There is no risk that lost land farmers cannot afford and outside investors would prefer to wait for lower prices.

• It appears that a farm of moderate size, the "family farm" much revered by legislators, is not necessarily the most efficient production unit.

• While debt problems are severely hurting those middle-size farms, some big producers are also feeling the pain.

• Corporate giants are not necessarily destined to control food production.

• The economists are looking at a situation with urgency because new farm legislation that the administration is expected to propose this week. The U.S. agriculture secretary, John R. Block, is expected to seek a reduction in the benefits that the principal growers are long enjoyed.

Some agricultural economists say that food production will become less costly and food will become slightly less expensive, not because more skillful operators will be over but because of the losses feared by failing farmers. Others say, by failing the lost land at urban prices.

Other agricultural economists, however, foresee an increase in absentee ownership, with outside investors stepping in to bid on land at farmers cannot finance and

(Continued on Page 2, Col. 6)



Farmers and onlookers wait bidding on a foreclosed Nebraska farm, a scene that is becoming more common as the number of family-owned U.S. farms continues to decline.

Senator Says He'll Show Pentagon Where NATO's Strategy Is Flawed

By George C. Wilson
Washington Post Service

WASHINGTON — Senator Sam Nunn of Georgia, the ranking Democrat on the Senate Armed Services Committee, has served notice on the Pentagon that in coming months he will show why he believes that the current North Atlantic Treaty Organization strategy is a loser.

Mr. Nunn and his congressional allies intend to try to explode what they consider the myth of the North Atlantic Treaty Organization in a debate that is expected to be at least as far-reaching as last year's over the proposal to withdraw some U.S. troops from Europe.

The senator sounded the tenor of the upcoming NATO debate last week when he had General John A. Wickham Jr., the U.S. Army chief of staff, at the committee's witness table for the first time since President Ronald Reagan sent his new military budget to Congress.

Why, Mr. Nunn asked the general, is the United States spending billions of dollars to stockpile enough ammunition to fight for months in Europe when European armies on the flanks would run out of ammunition in a few days?

"If you're a Soviet military man," Mr. Nunn asked, "and you thought the U.S. Army could fight 75 days, with everybody all around them running out in about 12 days, would that add to deterrence?"

He added that once a war started, U.S. units could not dash around the battlefield trying to distribute ammunition to allied units that had run out.

General Wickham conceded that in that "hypothetical" situation the U.S. forces would be better off with more tanks and artillery than a mountain of ammunition.

Mr. Nunn and his allies cite the different ammunition supplies as an example of the mismatch between the defense efforts of the United States and its NATO partners.



Sam Nunn

This year, like last, Mr. Nunn and his allies are to argue that unless European NATO partners spend more to build up their conventional forces, the only way to stop a Warsaw Pact invasion would be to fire nuclear weapons. They quote past congressional testimony of General Bernard W. Rogers, commander of NATO forces, in making that argument.

"Because of the failure to meet commitments in the conventional area by all nations and through trying to buy alliance defense on the cheap by relying on nuclear weapons, we have mortgaged our defense to the nuclear response."

General Rogers added that in warning against having to resort to nuclear weapons, "I'm talking about it in terms of days, not in terms of weeks or months."

In an effort to force European members of NATO to improve conventional forces and fulfill such commitments as building shelters at airfields for U.S. warplanes, Mr. Nunn proposed last year to reduce the number of American troops in Europe if goals were not reached. The amendment was blocked on a 55-to-41 vote.

General Rogers is expected to repeat his warnings when he testifies before the Senate Armed Services Committee later this month.

Why are the NATO allies closest to the battle area — the French, West German and Italian forces — putting new emphasis on light forces when the biggest problem for U.S. forces is to get heavy equipment from the United States to Europe, Mr. Nunn said. NATO partners should go heavy and the U.S. light, the senator contended, so it would be easier to airlift army

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Getting to Top: Talent Helps but It's the Practice That Counts

By David G. Savage
Los Angeles Times Service

LOS ANGELES — A five-year study of 120 of the top artists, athletes and scholars in the United States has concluded that drive and determination, not great natural talent, led to their success.

"We expected to find tales of great natural gifts," said Benjamin Bloom, a University of Chicago education professor who led the team of researchers. The group studied the careers of U.S. performers in six fields: concert pianists, Olympic swimmers, sculptors, tennis players, mathematicians and research neurologists.

"We didn't find that at all," Mr. Bloom said. "Their mothers often said it was their other child who had the greater gift."

The most brilliant mathematicians often said they had trouble in school and were rarely the best in their class. Some world-class tennis players said their coaches viewed them as being too short to ever be outstanding, and the Olympic swimmers said they remember getting regularly "dlobbered" in races as 10-year-olds.

The research team conducted in-depth, anonymous interviews with the top 20 performers in the six fields, as judged by national championships or similar honors. They also interviewed their families and teachers, hoping to learn how these individuals developed into great performers.

Instead, the researchers heard accounts of an extraordinary drive and dedication through which, for example, a child would practice the piano several hours daily for 17 years to become a concert pianist.

A typical swimmer would tell of getting up at 5:30 each morning to swim two hours before school and then two hours after school to gain his or her goal of making the Olympic team.

Although practice and motivation seemed to explain their success, the performers, regardless of their field,

appeared to follow a similar course of development, the researchers found.

In practically every case, the parents played the key role, first by exposing their children at an early age to music, sports or learning. The vast majority of the parents were not themselves outstanding musicians, athletes or scholars.

But the parents of the swimmers and tennis players did enjoy sports and valued competition, Mr. Bloom said. The

'These parents placed great stress on doing one's best at all times.'

families of the pianists and sculptors appreciated art and music, while the parents of the research scientists displayed a great love for learning.

The parents of the mathematicians and research neurologists reported that their children showed both an unusual curiosity about how things work and an "independent nature" that allowed them to play or work alone for hours.

The parents also taught their children to value hard work and competition.

"These parents placed great stress on achievement, on success and on doing one's best at all times," Mr. Bloom said. "They were models of the work ethic, believing that work should come before play and that one should always work toward distant goals."

The results of the research will be published this week in a book titled, "Developing Talent in Young People."

The families said in the interviews that once a child displayed an interest and enthusiasm in a particular area, these parents encouraged them at every step and were willing to spend countless hours shuttling them to and from piano, tennis or swimming lessons.

The study also found that these achievers, all of whom were younger than 40 when interviewed, appeared to have gone through three distinct stages of development, regardless of their field.

At first, the parents exposed the children to playing a piano, tinkering with scientific games or hitting a tennis ball, but it was just fun. They played tennis with their families, for example, and developed the habit of regular practice. Usually, the children also had some outside instruction, perhaps from a neighbor or a relative.

Then, at some point, they began to gain recognition for their ability. A 7-year-old would play the piano for a school performance. An 8-year-old would beat all the other children at his local tennis or swimming club.

"Within two to five years, most of the individuals in our study began to see themselves in terms of the talent field," Mr. Bloom wrote. "They began to see themselves as 'pianists' and 'swimmers' before the age of 11 or 12, and 'mathematicians' before the age of 16 or 17."

"Most of our talented individuals had very good experiences with their initial teachers, and many had developed a very comfortable relationship with them," Mr. Bloom wrote.

At the second stage of development, as a child's rapid progress became apparent, the parents usually sought out a more expert instructor or coach.

Typically, the new teachers "were perfectionists who demanded a great deal of practice time for the student and looked for much progress in a relatively short period of time," Mr. Bloom wrote.

In the middle years, these young people first tasted extraordinary success.

At this point, their commitment to their field escalated one step further. The subjects said they began "living" for swimming, or tennis or the piano and devoted hours each day to practice. They also sought out the nation's best coaches or teachers.

Liberalization of Irish Birth Control Law Causes Intense Debate

By Barbara Fischlin

International Herald Tribune

DUBLIN — A proposal to liberalize Ireland's birth control laws to allow the distribution of contraceptive devices to unmarried people is provoking intense debate in this predominantly Roman Catholic country.

The plan, which would permit over-the-counter sale of spermicides and condoms, is expected to come to a vote this week in the Dail, the Irish parliament.

It is still unclear whether the coalition, which is led by Prime Minister Garret FitzGerald, has enough support to win approval. The coalition parties, however, are demanding that their members back the measure.

The governing Fine Gael-Labor Party coalition, which introduced the proposal, holds 85 seats in the Dail, the opposition Fianna Fail 74 and other parties 6.

The opposition Fianna Fail Party, led by Charles Haughey, says that the legislation is not wanted or needed by the Irish people.

But the government has cited polls that show that a small majority of the Irish, especially younger Irish people, would favor a liberalization.

Legislators have been threatened with violence, upbraided by priests and bishops who warn they are leading the country into moral decay and lobbied by their constituents.

For John Ryan of Tipperary, a member of the Labor Party, opposition from his constituents became so intense this week-end that he moved to a Dublin hotel so he could think about the bill, which he supports, in peace.

"There was pressure on the phone, pressure on the doorstep, pressure everywhere," he said. "There were signed peti-

tions. In fact, one person indicated to me that I was promoting fornication."

Other legislators cited threats if they backed the government. One said that he had been told he would be bombed, another was warned his house would be burned and his wife and children kidnapped.

Alan Shatter, one of three Jewish members of the Dail, received anti-Semitic mail. Mr. Shatter, who is for the proposal, said, "I got stuff with swastikas on it."

Mr. FitzGerald introduced the measure last week as an amendment to a family planning bill passed in 1979 that legalized distribution of birth control aids for married people. The amendment would permit single people over 18 years of age to buy "nonmedical contraceptives" — spermicides and condoms — without prescriptions.

The government said the legislation would bring Ireland up-to-date with other

European countries and legalize practices that are widespread anyway, particularly in Irish cities. Urban physicians often find ways to bend the law so that they can prescribe contraceptives to single people. Some birth control clinics simply do not ask if a client is married.

Rita O'Malley, a married woman who had come to listen to the debate last week, said that in her family planning clinic, "they don't ask you if you're married or single or nothing."

Dr. Rory O'Hanlon, the Fianna Fail spokesman on health, said that just because something is widespread does not necessarily mean it should be legalized. "None of us would be in favor of legislating for heroin," he said in the Dail.

The proposal is said to be Ireland's most emotional issue since a referendum two years ago added a ban on abortion to the country's constitution.

Oliver Flanagan of Fine Gael, who has served 42 years in the Dail, longer than anyone else, has indicated he will vote against his prime minister.

"You will answer to God for your actions on this bill," he told his colleagues.

Noting the depressed state of Ireland's economy he added: "The best the government can do is free availability of contraceptives? God save Ireland!"

Several women members of Fianna Fail said that they would vote for the bill if their party would permit it.

"I would be ending a whole political career," said Mary Harney, who will vote against the bill.

Mr. FitzGerald also hoped that approval of the amendment would prove to Protestants in Northern Ireland that a united Ireland would not be ruled by Catholic doctrine.

Heseltine Defends Belgrano Sinking In Falklands War, Denies Cover-Up

The Associated Press

LONDON — Michael Heseltine, the British defense minister, on Monday defended the sinking of the General Belgrano, an Argentine cruiser, during the Falklands war, claiming that torpedoing it "effectively knocked the Argentine Navy out of the conflict."

But in a House of Commons debate on allegations that Prime Minister Margaret Thatcher's government has sought to cover up the reasons for the sinking, Mr. Heseltine declared that he "cannot give every single detail."

The missile-armed cruiser was sunk by the nuclear-powered Royal Navy submarine HMS Conqueror on May 2, 1982, killing 368 persons, the biggest single casualty toll of the war.

Mr. Heseltine said that much of the "crucial information" that led Mrs. Thatcher to order the sinking of the former U.S. cruiser, a sur-

vor of the Japanese attack on Pearl Harbor, "came to us from the most sensitive sources."

Official sources said that reports on Argentina's naval operations in the conflict had been held back to protect a vital intelligence-gathering network in Latin America that still is functioning.

Amid allegations that there was no overriding need to sink the vessel, Mr. Heseltine said: "Ours have not been the actions of people engaged in a hot-in-the-wall cover-up in an attempt to mislead the House."

He disclosed that he would release classified documents on the sinking to a parliamentary committee to prove that the government had not conducted a cover-up.

Documents leaked to a member of Parliament showed that the government had misled legislators about the course of the cruiser be-

fore its sinking. The vessel was initially said to have been sailing toward a British task force but subsequently was acknowledged to have been sailing toward home.

He said that the rare move to hand over classified papers to the committee investigating allegations that the government deliberately misled Parliament on the sinking was "quite exceptional."

Mr. Heseltine stressed that the facts surrounding the sinking were "totally inconsistent" with published leaks by a senior Defense Ministry official, who resigned over the weekend.

The official, Clive Ponting, sat impassively in the public gallery of the House during the debate.

He was acquitted last week of violating the Official Secrets Act by giving confidential documents on the Belgrano sinking to a Labor Party legislator, Tam Dalyell.

Thatcher, Union Leaders to Discuss Strike

Reuters

LONDON — Prime Minister Margaret Thatcher agreed Monday to meet leaders of Britain's labor union movement to try to revive negotiations in the 11-month coal strike.

The meeting of cabinet ministers and seven major union leaders representing the Trades Union Congress were scheduled for Tuesday at No. 10 Downing St., Mrs. Thatcher's office announced.

Until now, the prime minister had refused any mediation in the dispute, which centers on the closing of unprofitable mines.

Political sources suggested, however, that Mrs. Thatcher was reluctant to appear unhelpful at what may be a critical moment in the dispute.

Norman Willis, the leader of the Trades Union Congress, requested

the meeting Sunday night, a few hours after the collapse of an initiative to get the two sides together again. There had been a four month break in negotiations.

Mr. Willis said the gap between the National Coal Board and the National Union of Mineworkers was so narrow now that a meeting between government and the labor movement could bring a swift settlement.

At issue now is a coal board formula that agrees to an independent — but nonbinding — review of planned closings of money-losing mines. The union has reservations about the plan.

An coal board proposal to shut 20 mines and eventually eliminate 20,000 jobs provoked the strike March 12.

Meanwhile, the coal board said that 964 more miners returned to

work Monday, far fewer than on previous Mondays. Nearly half of Britain's 180,000 miners are now working, the coal board says.

Mrs. Thatcher will be joined at the talks by Energy Secretary Peter Walker, Employment Secretary Thomas King and the deputy prime minister, Viscount White-

■ Thatcher-Reagan Meeting

Mrs. Thatcher flies to Washington on Tuesday, determined to press President Ronald Reagan to do everything possible to make a success of the arms-control talks with the Soviet Union that are to open in Geneva on March 12. The New York Times reported Monday from London.

"The Geneva talks are at the top of her agenda," said one of the officials involved in preparing for the visit, which will include an address to a joint session of Congress on Wednesday, the first such speech by a British prime minister since Winston Churchill's in 1952.

"Arms control will figure very importantly in what she says privately to the president and in what she says publicly to Congress," according to the official.

Mrs. Thatcher and her aides have taken great pains in recent days to play down any suggestion of a rift with Mr. Reagan. She described herself in an interview with CBS News over the weekend as "his greatest fan." But there appear to be significant if subtle differences between her position and hers on Mr. Reagan's proposed space-based missile defense system, and these are regarded by officials in London as sure to come under discussion in Washington.

Senator Says He'll Show NATO Flaws

(Continued from Page 1)

outfits from the United States to Europe in the first days of a war.

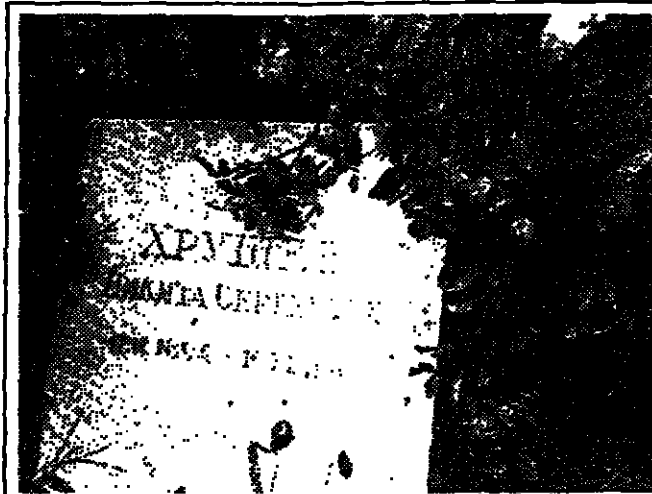
General Wickham and Senator Barry Goldwater, Republican of Arizona, the new chairman of the Senate Armed Services Committee, sounded plaintive notes in agreeing that the United States still did not have enough aircraft carrying capacity to fulfill the war plans for Europe. The airlift shortage, Mr. Goldwater said, "has been 20 percent since World War II, and there is no way of seeing an improvement."

The reason for this, said General Wickham, is that as the U.S. Air Force builds more and larger cargo

planes, the army fields more and heavier weapons than the planes can carry to Europe within the specified time.

"Lightness is a state of mind," General Wickham said. "We need to look in the army at lightening up our equipment. One third of the weight of our ammunition is just wood, the way we have been doing it since the Civil War." The army, he said, as part of its weight reduction effort is starting to pack its ammunition in light plastic.

Mr. Nunn and other congressional critics of NATO's military posture are demanding a more coordinated approach to European defense, with heavy vs. light divisions one item on a long agenda.



A modest headstone marks the grave of Nikita S. Khrushchev at the Novodevichy Cemetery in Moscow. It gives his name and the dates of his birth and death.

Soviet TV Shows Khrushchev For First Time Since Ouster

By Dusko Doder

Washington Post Service

MOSCOW — The image of Nikita S. Khrushchev appeared for several seconds on Soviet television screens Sunday for the first time since he was removed from power in October 1964.

Khrushchev was seen in the rebroadcast of a joint Soviet-Indian film about Jawaharlal Nehru, India's first prime minister. Footage of Khrushchev that had been deleted in a showing of the film Jan. 26 was restored. There was no explanation for the change.

The Indian version of the film had shown Khrushchev, the former Soviet Communist party leader, meeting and conferring with Nehru and also included lengthy shots from Khrushchev's triumphal tour of India.

Marshal Nikolai Bulganin, who served as premier under Khrushchev but was subsequently disgraced for alleged "anti-party" activities, was originally shown as greeting Nehru on his arrival in Moscow. That was Marshal Bulganin's first appearance on Soviet television since 1957, when Khrushchev deposed his opponent. Marshal Bulganin allegedly supported the Khrushchev opponents.

Sunday's showing retained the footage of Marshal Bulganin but also showed Mr. Khrushchev in at least three sequences.

The fact that Khrushchev's image had finally been shown on national television on prime weekend time apparently involved a high-level decision.

Since his removal in 1964, Khrushchev's name had appeared three times in the Soviet media. The first involved criticism of him at the time his memoirs were published in the United States. The second was a brief announcement of Khrushchev's death in 1971. The only positive mention came in February 1983 when Yuri V. Andropov was the party leader and involved Khrushchev's prominent role in the battle of Stalingrad.

No picture of Khrushchev had appeared here for two decades. Sunday's action was not seen as indicating that Khrushchev was soon to be restored to the pantheon of Soviet heroes. By and large, he remains a nonperson.

U.S. Seeking to Protect Satellites in Deep Space

(Continued from Page 1)

low-level Soviet satellites as they pass over the United States. Two low-level satellites, one at Kwajalein in the Pacific and the other in the Philippines, which are not part of the Spacecraft system, would provide early warning and targeting of Soviet satellites for the planned U.S. low-level anti-satellite weapon.

Neither country has developed a weapon that could attack satellites 22,000 miles from Earth. Nonetheless, the Pentagon has been at work for more than four years putting together its Spacecraft surveillance system.

If a future Soviet weapon were launched at the U.S. deep-space satellites, the Spacecraft system would give American units "adequate time," an official said, to take defensive actions.

Next year's defense budget contains funds, reportedly \$20 million, to complete the final pieces of the Spacecraft sensor system.

Three of the high-powered electronic telescope and television-camera units already are in operation in New Mexico, Hawaii and South Korea. The fourth unit is being built on the British-owned island of Diego Garcia in the Indian Ocean. Construction of the final one in Portugal is scheduled to begin within 18 months.

Although this ground-based network will not be fully operational until 1988, the Pentagon already has a research program under way for a space-based version to replace it.

By the time the deep-space defense system is in place, the United States is expected to have its new sophisticated satellites deployed. These will include updated versions of today's intelligence and early-warning satellites and also the Navstar and Milstar systems, which are to provide navigation, targeting, attack assessment and battle communications for all military services.

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Mengele Seen In Portugal, D'Amato Says

By David Treadwell

Los Angeles Times Service

WASHINGTON — Dr. Josef Mengele, who was responsible for thousands of deaths at the Auschwitz concentration camp, left his sanctuary in Paraguay in the 1960s and was living in Portugal as recently as 1980, Senator Alfonse M. D'Amato, Republican of New York, has said.

Senator D'Amato, who has joined in a lawsuit with the Simon Wiesenthal Center for Holocaust Studies in Los Angeles to force the U.S. government to declassify documents about Dr. Mengele, said Sunday that the Nazi war criminal has the ability to move in and out of Portugal and Latin America "rather easily."

"Friends of his in Paraguay were receiving communications — Christmas cards, etc. — as recently as 1980," the senator said. "They were stamped and postmarked from a European country, from Portugal."

He said Dr. Mengele traveled and had great access in Paraguay, Brazil and Argentina.

The senator said in an interview on ABC television that he would soon be releasing more information on Dr. Mengele. But he added that he did not know where Dr. Mengele, who would be 73 if still alive, may be hiding now.

The Department of Justice, at the direction of Attorney General William French Smith, has started an investigation into the whereabouts of Dr. Mengele, who performed experiments on thousands of Auschwitz prisoners and is said to have sent at least 400,000 people, mostly Jews, to their deaths.

The department's investigation also seeks to determine whether the U.S. authorities had contact with Dr. Mengele after World War II. Evidence has surfaced that Dr. Mengele might have been arrested by American officials in Vienna in 1947 and later freed.

Rabbi Marvin Hier, of the Wiesenthal Center, said that documents he has obtained or expects to obtain from the army under the Freedom of Information Act do not confirm or deny that the United States once held Dr. Mengele in custody.

But, he added: "For sure, the U.S. Army at Fort Meade does not know what it has in its files on the question of Josef Mengele. We have absolute proof of that."

The only way to find out what the U.S. Army has, he said, "is if an investigating team goes in and sifts through, document by document, because the computer definitely is not reliable."

WORLD BRIEFS

Greece Opposes U.S., Soviet Missiles

NEW YORK (AP) — Greece's opposition to the deployment of U.S. built missiles in Europe applies also to Soviet SS-20 missiles, Prime Minister Andreas Papandreu of Greece said in an interview published in the current issue of Time magazine.

"We take the view that any measures, American or Soviet, that may lead away from détente to cold war are a threat to peace," Mr. Papandreu said. He said that his Socialist government favored a freeze of deployment of nuclear weapons, particularly missiles.

On the Cypriot situation, Mr. Papandreu said there were "ethnic bonds of language, culture and history" between Greece and the Mediterranean island, but that "Cyprus is not Greek territory." He said that "neither Turkey nor Greece has any business being in Cyprus."

EC Ministers Back Italian Proposal

BRUSSELS (Reuters) — A majority of European Community nations supported Monday an Italian proposal designed to prevent a cash crisis this year, but diplomats said West Germany continued to hold out against it.

Bonn has been insisting for several months that an agreement to provide new funds for the EC be directly linked to the entry of Spain and Portugal. It refuses to bring forward the agreement in spite of a deadline in the entry talks and the threat of deepening financial problems. The 1985 deficit is expected to be about 3 billion European Currency Units (about \$2 billion).

The other EC members back the Italian proposal to finance the deficit by grants that are refundable when the entry negotiations are completed.

Poland Links Solidarity Office to CIA

WARSAW (UPI) — The Polish government on Monday accused the Brussels office of the Solidarity trade union movement of treason because of alleged links with the CIA.

Colonel Zbigniew Pudzys, chief of the Interior Ministry's investigation office, said a military prosecutor was conducting an inquiry into the center. In an interview carried in Polish newspapers, Colonel Pudzys said retired Polish leaders of the Belgian Solidarity coordinating office were working with the CIA and with an underground branch of Solidarity.

"The Brussels office heads are Jerzy Milewski, Miroslaw Chojacki and others known for their anti-state activity," he said in the state newspaper Zycie Warszawy. "The investigation into this case concerns the crime of treason."

Record Snow Disrupts Geneva Area

GENEVA (AP) — Road, rail and air traffic in the Geneva area remained chaotic Monday after a weekend storm that brought a record amount of snow — up to three feet (about a meter).

Geneva's Cotin international airport, closed since Saturday night, resumed only partial operation Monday. Planes were departing up to three hours late, and none were permitted to land. Trains were up to 90 minutes late.

Only a handful of Geneva's bus and streetcar lines were operating Monday after a complete halt on Sunday. Taxis were scarce. Some people walked an hour or more in wind and deep snow to get to work.

China Rejects U.S. Charges on Rights

BEIJING (UPI) — China rejected on Monday a State Department report charging human rights violations in the country, calling the allegations "groundless and improper."

In a statement issued by the Foreign Ministry, China said: "The State Department of the United States has made groundless and improper comments on the domestic affairs of China. We want to express our regret. All the fundamental rights of the Chinese people as stipulated by the constitution and other laws are fully guaranteed by the Chinese government. The Chinese people have never before enjoyed democracy and rights and freedoms so extensively and fully as they do today."

The report on China was contained in the State Department's annual assessment of human rights violations worldwide. It was issued last week in Washington.

More Politicians Arrested in Pakistan

ISLAMABAD, Pakistan (AP) — A new wave of arrests Monday virtually completed the military government's crackdown on opposition leaders, with parliamentary elections slated in a week.

In Karachi, Pakistan's biggest city, 980 miles (1,580 kilometers) south of here, four ranking figures were placed under house arrest, the police said. The fifth arrest took place in Lahore, 180 miles southeast of Islamabad.

Arrested in Karachi were Ghulam Mustafa Jatoi, leader of the left-leaning Pakistan People's Party; Sherbaz Khan Mazari, head of the National Democratic Party; Shah Ahmad Noorani, who heads a rightist, political-religious party Jamiat-ul-Ulema-e-Pakistan; and Kawaja Khairuddin, leader of the Pakistan Muslim League. Qaswar Gardazi, head of the Movement for the Restoration of Democracy, was arrested in Lahore along with at least six political activists, opposition sources said.

For the Record

Jeremy Levin, the American television reporter who was freed Thursday after 11 days as a hostage of unidentified captors in Lebanon, returned Monday to the United States. He arrived at Andrews Air Force Base in Maryland from Frankfurt, Germany. (AP)

Imelda R. Marcos, the wife of President Ferdinand E. Marcos of the Philippines, said Monday in Manila that her husband has recovered fully from a recent ailment and will not resign. (UPI)

King Hassan II of Morocco dismissed his foreign minister, Abdelouahed Belkacem, early Monday and appointed Abdelatif Fiali, one of Morocco's most experienced diplomats, to replace him. (AP)

Foreign Minister Andrei A. Gromyko of the Soviet Union is to visit Spain on Feb. 28 after talks in Italy. Western diplomats said Monday. (Reuters)

Trend Is to Bigger, Fewer U.S. Farms With High Social Costs in Rural Areas

(Continued from Page 1)

many landowners being reduced to tenants.

Most agree that the implications for the next few years are wrenching economic trauma, largely in the midsection, the principal food-producing region, which has enjoyed the greatest tax-supported benefits of price supports and subsidies.

"Nobody is going to be left unscathed, neither the farmers, the lenders nor the suppliers," said Neil Harl, a specialist in the economics of farming and agricultural law at Iowa State University. "And in many small communities the quality of life is likely to be one of the victims."

"It's a cry-in-your-beer time," said Kent Puchbauer, agricultural loan officer at the Cape County Bank of Jackson in southeastern Missouri.

The farmers we are losing are the young, the knowledgeable, the aggressive, the ones American agriculture can least afford to lose."

Like Mr. Harl and Mr. Puchbauer, bankers as well as farmers look at the economic scene in light of the farm debt and interest costs. The debt has risen 63 percent over the last six years, to \$215 billion from \$132 billion. Interest costs have risen faster, reaching a current rate of more than \$21 billion a year, while prices of basic crops such as corn and wheat have fallen.

The debts, many beginning with land and equipment loans for farm expansion in a period of prosperity in the 1970s, climbed as many farmers refinanced land mortgages to pay for crop and livestock losses on either crops or piled unpaid interest charges on older debts.

Few economists quarrel with the

economic strategies adopted by their government.

"The guys hurting the most are the risk-takers of the 1970s," said Kenneth Farrell, director of the National Center for Food and Agricultural Policy Research, a Washington study group. "Many are pretty efficient farmers."

Since that time, land and equipment values have topped. Those same farmers' debts could now equal as much as 60 percent of the shrunken assets.

Their downfall, many experts say, resulted from a failure to foresee government moves, including a tightening monetary policy.

Now, many of the experts also ask, should not the government act to ease the hardships resulting from its change of economic strategy?

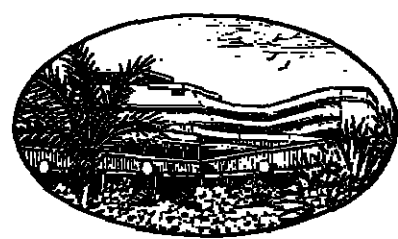
For the last two years many government economists have been saying the problems were concentrated primarily among middle-size farms with annual sales of \$40,000 to \$500,000, leaving the largest, those with sales above \$500,000, relatively untouched.

Now many of the same economists say they find that relatively few of the largest group are involved in production of grain for cash markets, where the problems have been most severe. Those who are so involved, the economists say, often are suffering as well.

The largest farms, about 25,000, or one percent, with sales above \$500,000 a year, produce about 30 percent of all farm products in terms of cash volume and earn about half the profits. But among them only 14.6 percent, or about 3,650, are in the cash grain group, where most of the troubles have occurred.

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In Managua, An Increase In Squatters Sandinists Offer No Hope to Most

By Larry Rohrer
New York Times Service

MANAGUA — In local slang, they are known as "parachutists." They are the landless squatters of Managua, and they have earned their nickname by landing on empty lots in every corner of the Nicaraguan capital and building themselves makeshift residences of wood, plastic and cardboard.

No one here, not even in the Ministry of Housing and Human Settlements, knows how many there are, but their number is clearly growing.

Managua's population has grown from 600,000 to nearly 900,000 since the Sandinist government came to power in 1979, and tens of thousands of those newcomers have gravitated to "spontaneous settlements" indistinguishable from the squatter slums of Rio de Janeiro or Lima.

In the last five and a half years, the Nicaraguan government has spent more than \$150 million on housing programs for the country's 3.2 million people.

Even so, the Housing Ministry estimated in 1983 that the "housing deficit" was at least 300,000 units. That situation appears to have been aggravated by the austerity budget this year, which has slashed housing expenditures by a third, to \$40 million.

The Sandinist government inherited part of the housing problem from the regime of General Anastasio Somoza. In addition, much of what is now central Managua was devastated by a 1972 earthquake that reportedly killed 10,000 people.



Nicaraguan settlers collecting their water at a communal tap in Managua.

ple. Fighting during the revolution also took its toll on the capital. For many Nicaraguans, especially those in the cities, the possibility of obtaining new or better housing through official channels seems to be receding. As a result, many have taken the situation into their own hands and moved onto unused parcels of land.

One day last September, for example, a small group of families occupied a vacant field just off one of Managua's main roads, naming their settlement Martyrs of Panatama in honor of a group of Sandinist war heroes. Now, at least 3,000 families, or more than 15,000 people according to residents, live on the site.

The settlers say that living conditions are precarious, with little protection from the elements and dif-

cult access to water, toilets, buses and fuel. Their future, they concede, is uncertain. Some have come from the countryside in search of jobs and a better life in Managua. Others have been displaced from their villages by attacks by anti-Sandinist rebels or, they say, forced removal by the Nicaraguan Army.

The government, however, has made it clear that its plans preclude aid to the squatters. Housing Minister Miguel Vigil Icaza said that "almost no" new housing construction was planned for Managua and that the problem was likely to get worse before it got better.

"We do not propose to do anything," Mr. Vigil said. "We are not going to expel them, but neither are we going to provide them with services like legal connections to water

or electricity, much less start programs for titles to the land." Managua's squatters, he said, belong to "nonproductive sectors" of the economy, and any effort to improve their living conditions would simply continue the "distorted economic structure" the Sandinists are trying to eradicate.

Some squatters resent this attitude, and many feel they are being passed over in favor of Sandinist activists.

In particular, their complaints are directed toward a showplace housing project in a barrio called Batohola Sur in southwestern Managua. There, 860 new homes have been built and occupied by families chosen through a system in which, according to the residents of the model project, political loyalties were one of the principal criteria.

Home Mortgage Foreclosures Rise in U.S.

Decline in Inflation of Housing Prices Is Cited as a Principal Factor in Evictions

By Ben A. Franklin
New York Times Service

WASHINGTON — The rate of home mortgage foreclosures has increased to a level close to the record set in the 1973 recession, causing anguish for tens of thousands of Americans evicted from homes for which they can no longer afford monthly payments.

Many housing economists cast an unexpected player as the villain: the rollback of inflation, particularly in housing prices.

It has removed one safety net for homeowners at the same time that the customary causes of foreclosure continue: loss of a breadwinner's job, or of a spouse's second income, or exhaustion of unemployment benefits or cuts in pay.

In earlier recessions homeowners could often avoid foreclosure by selling a house for more than they had bought it for, paying off the mortgage and moving into a cheaper house.

Today, with the abrupt slowing of a decade of inflation and with outright declines in house prices in some places, housing officials say many young families are moving at a loss.

From abandonments of Texas condominium units by unemployed oil-field workers to foreclosure auctions that have uprooted families in many communities in the industrial East and Middle West, officials sketch a picture of distress that has been little noticed outside the housing and home finance industries.

The inventory of foreclosed homes held by the Federal Housing Administration, which guarantees about 13 percent of all home mortgages, has risen to 40,000, up from 28,000 18 months ago.

Alan J. Kappeler, director of single-family housing at the FHA, called the high foreclosure numbers "alarming, from the standpoint that so many people are losing their houses."

"You cannot say that the change in housing inflation is entirely the cause of this," he said. "But had home inflation not halted, it might have bailed out most of those who got in trouble."

The Veterans Administration, which guarantees 11 percent of all new mortgages, took over 29,000 foreclosed homes last year, 10 percent more than in 1981.

According to the most recent nationwide figures, 25 foreclosures were begun in the third quarter of last year for every 10,000 mortgages, the same rate as in 1973. The rate surpassed 20 in 1982, for the first time since 1975, at the same time that inflation was dramatically slowing.

In recent months, says Robert M. O'Toole, director of the VA's loan guarantee service, the six states with the highest and most static inventory of houses foreclosed by the agency have been Michigan, Ohio, Illinois, Indiana, Texas and California.

The 10 cities with highest number of foreclosures as of Nov. 1 were, in descending order, Cleveland; Camden, New Jersey; Las Vegas; Milwaukee; Chicago; Newark, New Jersey; Philadelphia; Indianapolis; Columbus, Ohio; and Tulsa, Oklahoma.

Homeowners who paid, say, \$80,000 for a house in 1980, when interest rates were high, may find themselves among the thousands who have overextended their bud-

gets. Selling the house now for the purchase price, without the added lift of inflation, would not net enough for a down payment on a more manageable home.

The new surge of foreclosures has hurt mortgage lenders and insurers. It has also heavily burdened the Federal Housing Administration and the Veterans Administration.

The Reagan administration is proposing steep increases in fees to be paid by those who receive home loans guaranteed by the two agencies. Furthermore, housing officials said the losses in the home mortgage industry is likely to add to pressures for stiffer credit standards for qualifying for loans. That could put loans out of reach for many.

"No doubt about it, we've taken a tremendous hit," said Steven P. Doehler, executive vice president of the Mortgage Insurance Companies of America, the Washington-based trade association of underwriters of home mortgages not covered by the two U.S. agencies.

These conventional loans constitute about three-fourths of the 30 million home mortgages in force.

Within the national trend of rapidly rising foreclosure rates, there were wide regional variations. On Long Island, New York, the number of foreclosures has declined in recent years.

But in Tulsa, hit hard by the oil slump, the FHA is foreclosing on mortgages at a rate of more than 100 for each 10,000. Houston and Denver, also hit by declines in oil or oil shale development, are not far behind.

Mr. O'Toole said: "Your typical guy in a VA foreclosure is a Vietnam veteran, blue collar, in a home with an average price of \$43,000. The home loan was originally qualified based on two incomes, his and his wife's, and that's where most of the problems start. When the hard times come, the first people laid off are the part-timers, and that is often the wife. Then, even where we see these people returned to work, it is at severely reduced incomes. The jobs that put them back in the

"employed" column are just not as good."

Thomas R. Harter, chief economist of the Mortgage Bankers Association, said that unemployment has always been a cause for mortgage delinquencies, "a problem of a month or two in arrears, but short of foreclosure."

"With continued inflation," Mr. Harter said, "you could have sold that house off and paid back the lender and it would never show up as a foreclosure."

In part, Mr. Harter blames the home finance industry for its own problems.

"When home inflation disappeared they just didn't believe it," he said. "They didn't adjust. They thought it would all come back. They didn't tighten up the standards on which they had made a lot of the problems start. When the hard times come, the first people laid off are the part-timers, and that is often the wife. Then, even where we see these people returned to work, it is at severely reduced incomes. The jobs that put them back in the

Soviet Defector in U.S. Masters Media Circuit

By Lloyd Grove
Washington Post Service

WASHINGTON — Arkady N. Shevchenko, a former Soviet diplomat and now a writer, grabbed the reporter's hand and pulled him up the staircase.

"Arkady, don't you dare take him up there!" cried Elaine, his wife of five years.

Mr. Shevchenko continued upward. Finally he nudged the reporter into a shelf-lined sanctum containing a big brown desk. "Here is where I wrote it," he announced with a flourish. "I know you want to see for your story. I understand these things. It's very American, of course."

The author of "Breaking With Moscow," the memoirs of a Soviet official who became a Western spy, said that it was only the second time that a reporter had been permitted inside the Shevchenko household.

"First was Mike Wallace," he said.

Mr. Shevchenko, a former political adviser to the Soviet foreign minister, Andrei A. Gromyko, was the United Nations undersecretary-general when he defected to the United States in 1978.

"American mass media are so much interested in personal life," he said. "We don't like to wash our dirty linen in public. American mass media have a bad habit of looking always for the dirty story."

In the last seven years, Mr. Shevchenko has parlayed his break with Moscow into a berth on American television as Kremlinologist-in-residence; a prestigious post teaching at the American Foreign Service Institute; a lecture circuit itinerary that, according to his agent, Joe Cosby, brings fees above \$12,000; and, now, a book already in its third printing at Alfred A. Knopf before the official March 1 publication date.

Having revealed his work as a spy for Western powers, including the United States, Mr. Shevchenko is again riding the wave. It started two weeks ago with the lead position on the CBS-TV program "60 Minutes" and book excerpts in Time magazine and continued with appearances on ABC-TV and NBC-TV shows and a review of his book on Sunday in The New York Times Book Review.

In an interview, Mr. Shevchenko sat tiptoe on a love seat next to a

marble end table, smoking menthol cigarettes. His hazel eyes glittered behind broad-rimmed glasses. The "vertical scar on left ankle" — duly noted in his "permit to re-enter the United States," the travel document he must use instead of a U.S. passport — is hidden by his soft black boot.

"I knew too much," Mr. Shevchenko said. "I think the Soviets would put me in a mental institution. They treat Sakharov better, than they would treat me." Andrei D. Sakharov, the Soviet dissident and nuclear physicist, is forced to live in exile in Gorki.

Currently a resident alien, Mr. Shevchenko said he must wait another year before he can apply for U.S. citizenship, two and a half years longer than usual because of his former membership in the Communist Party.

"I hear some people call me 'the spy who came in from the cold' to get to the gold." But I had much more gold before the cold. You see the lawn?" he said, gesturing toward a white-curtained window. "In Russia I had a dacha with woods all around and a lawn for half a mile."

Mr. Shevchenko, 54, was born in the Ukraine, a doctor's son who climbed the rungs of Soviet society to become a privileged and powerful man, a protégé of Foreign Minister Andrei A. Gromyko.

It is still unclear why he decided to give it all up. Mr. Shevchenko said he did it for freedom. Others have suggested that he might have been blackmailed by the CIA, a charge he denies.



Arkady N. Shevchenko

"The trouble in the intelligence world is you never know who to believe," said a former newspaper correspondent to Moscow. "For all I know, the Kremlin could be laughing their sweet little hearts out."

"He betrayed his country, and that speaks for itself," said the Soviet Embassy's press spokesman, Michael Lysenko.

Mr. Shevchenko has lived in and out of the spotlight since April 1978, when he became the highest ranking Soviet official to defect.

A month later, his first wife, Lina, died of a drug overdose in Moscow. The Russians said it was a suicide.

A few months after that, a call girl named Judy Chavez announced that Mr. Shevchenko had paid her for companionship with money from the CIA. Mr. Shevchenko admitted the relationship, but denied that the money, about \$40,000, had come from the CIA.

3d Heart Recipient Passes Quiet Night Without Bleeding

United Press International

LOUISVILLE, Kentucky — Murray P. Haydon had a "very uneventful night" less than 24 hours after a "perfect" operation to implant the world's third permanent artificial heart, doctors said Monday.

Mr. Haydon's vital signs were "extremely stable" and his initial recovery was better than that of William J. Schroeder, who had the second artificial heart implant Nov. 25, doctors said.

Dr. Lansing said Mr. Haydon, 58, who was operated on Sunday, had no signs of excessive bleeding. Mr. Schroeder, 53, had surgery to correct bleeding a few hours after his implant.

Mr. Haydon's clinical condition was listed as critical Monday, but stable. Sunday, he squeezed his wife's hand when she visited, and he waved to her during a later visit.

Mr. Schroeder has had recurring fever since Feb. 1 and has been in low spirits because of delays over leaving the hospital. Both problems could threaten his life, said Dr. Alan M. Lansing, director of the Humana Heart Institute. The first recipient, Dr. Barney B. Clark, lived 112 days with the heart, a Jarvik-7.

A month later, his first wife, Lina, died of a drug overdose in Moscow. The Russians said it was a suicide.

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Pretoria Drops Charge That Catholic Bishop Defamed Police Unit

The Associated Press
PRETORIA, South Africa — The government dropped a criminal case Monday against Archbishop Denis Hurley, a prominent anti-apartheid campaigner and South Africa's leading Roman Catholic cleric, saying the charge that he had defamed police was based on hearsay.

Among Archbishop Hurley's supporters in the courtroom when the announcement was made were Bishop Desmond Tutu, the black Anglican bishop of Johannesburg who won the Nobel Peace Prize last year, and several overseas representatives of the Roman Catholic Church. Spectators broke into applause when the charge was dropped.

Archbishop Hurley, 69, president of the Southern African Catholic Bishops' Conference, was accused of making false accusations against the police at a press conference two years ago. He had said he welcomed the trial because "a lot of dirt will come out."

The archbishop had accused police of brutality against black villagers in South-West Africa, or Namibia. The case against him was widely seen as part of a government effort to quell criticism from the churches, which have played a principal role in opposing the white-minority government's policies of apartheid.

It is a crime under South African law to make false statements against police.

Frans Roets, the regional prosecutor, said in court that an investigation showed the allegations against Archbishop Hurley were based on hearsay, and that the state, therefore, did not wish to proceed with the case.

Denis Kuny, the archbishop's lawyer, said it was unfortunate that the state needed nearly two years to learn that its case was based on hearsay evidence.

The charge, filed in October, followed Archbishop Hurley's remarks alleging that a South African police unit in Namibia had committed atrocities against black villagers. His statements were based on a church investigation into the conduct of South African military and police units in the war against guerrillas in the territory, which is under South African control.

Mr. Roets said the state initially could find no recording of the press conference in February 1983 and based its case on a South African news agency report. The reporter later filed an affidavit saying he

had correctly quoted Archbishop Hurley as saying that "security forces in South-West Africa (Namibia) were still perpetrating atrocities against local blacks."

But the state recently acquired a tape recording of Archbishop Hurley's statements, and it showed discrepancies with the reporter's version, Mr. Roets said.

3 Killed in Disturbances

Three men were killed in violence in the Crossroads squatter city Monday amid rumors that the government was about to start moving residents to a new site. The Associated Press reported from Cape Town, quoting police sources.

Gerrit Vijoen, the South African minister of state administration, denied "in the strongest terms" that the forced relocation of 60,000 or more Crossroads residents was imminent, saying, "I want to repeat my undertaking that notice will be given timeously of any steps envisaged in this regard."

Rumors that trucks and work crews were being massed to begin the removal of people from the camp near Cape Town led to the



Archbishop Denis Hurley, right, with Bishop Desmond Tutu in a Pretoria court Monday.

day of violence. Police used birdshot, rubber bullets and tear gas to break up crowds.

A Cape Town police spokesman said it was "quiet but tense" by late

Monday afternoon. He confirmed that three men were killed and 11 people were wounded in the fighting.

Mr. Vijoen said this month that

the government would hold off on forcibly relocating black villages from white areas, but he specifically excluded squatter camps from the suspension.

Lange: No Newcomer to Criticism of, and by, U.S.

By Steve Lohr

New York Times Service

WELLINGTON, New Zealand — Prime Minister David Lange, who announced Monday that he will visit the United States next week to explain his refusal to allow a port call by a U.S. destroyer, has been sympathetic to the nuclear disarmament movement for at least two decades.

His stance rankled the Reagan administration and won worldwide acclaim from anti-nuclear groups, but it is not the first time his outspoken stands on issues have irritated U.S. officials.

In the mid-1960s, Mr. Lange, then a crusading liberal lawyer, was a harsh critic of the U.S. involvement in Vietnam. Later, apparently in response to his anti-war activities, he was denied a visa to the United States.

Yet the prime minister's decision to ban a port call by an American warship unless the New Zealand government was assured it carried no nuclear weapons was less a matter of long-held principle than political pragmatism. And it has been Mr. Lange's reading of political trends and shifts in public opinion that largely explain his rapid rise to



David Lange

power since entering Parliament in 1977.

Moreover, Mr. Lange has led the seven-month-old Labor government on a surprisingly conservative path in the key area of economic policy. To the delight of the New Zealand business world, he has proven to be an advocate of free enterprise and less government in the marketplace.

But the rejection of ships capable of carrying nuclear weapons is now part of the political mainstream, certainly in the Labor Party, which won the general election in July by a nearly 2-to-1 margin.

"The public response to this decision has been very positive for the government," said Mr. Lange. "It has set off an upsurge of nationalism in New Zealand."

The prime minister's office says mail on the subject is running 95 percent in favor of the ship ban, and 15,000 people in Auckland recently supporting the move. The Swedish Peace and Arbitration Society, Sweden's largest anti-war organization, has nominated Mr. Lange for a Nobel Prize.

Mr. Lange has been portrayed of late as an idealist willing to stand up to a bullying nuclear superpower. But, in fact, the prime minister tried to revise the Labor Party's hard-line ship ban policy in March 1983, less than two months after he became the party leader. At the time, he considered the rigid anti-nuclear stance understandable, even admirable, but "unrealistic."

Faced with a near-revolt in his party, Mr. Lange pragmatically changed his position. By election

time last year, he espoused a "non-negotiable policy" that neither nuclear-armed nor nuclear-powered ships would be permitted in New Zealand ports. The United States, as a matter of policy, refused to say whether its warships are carrying nuclear arms.

Mr. Lange, 42, was raised in a liberal Methodist household where the children were drilled with the values of charity and duty.

After receiving a law degree from Auckland University, Mr. Lange went to work for a law firm in Auckland that seemed to specialize in clients once described as "the real down-and-outs."

Mr. Lange won a seat in the House of Representatives in 1977. In Parliament, his skills as an orator gained him national recognition at a time when the Labor Party was in need of fresh leadership.

It was on the issue of leadership and the economic policy failures of Sir Robert Muldoon, the previous prime minister, that Mr. Lange's successful campaign last year was based.

Mr. Lange's election marked the passing of power to a young generation of leadership in New Zealand. He is 22 years younger than Sir Robert, and the members of the Labor cabinet are mostly in their 30s and 40s. Their views on domestic issues are more liberal and, internationally, they are less pro-American than their predecessors.

"The Lange generation's involvement with America is protesting the Vietnam War," a U.S. official said, "not fighting side by side with us during World War II."

The Past Catches Up With an Israeli 'Collaborator'

(Continued from Page 1)

toward Beirut. Lebanese troops who took over Sidon on Saturday appeared powerless to establish order.

Dozens of Lebanese and Palestinians who helped the Israelis have been assassinated in the past few weeks. In Sidon last week a masked gunman killed a pro-Israeli militia man in a video game arcade; another body, riddled by gunfire, was found one morning with a sign reading "collaborator."

Mr. Habi's time came at 3 P.M. on Sunday in a hillside neighborhood overlooking the old city.

Most of the city was still celebrating the departure of the Israelis and the arrival of the Lebanese Army, and the streets were festooned with flags and clogged with marching bands, Boy Scouts and caravans of visiting dignitaries.

Suddenly a half-dozen young men in civilian clothes carrying Kalashnikov assault rifles rushed to a

nondescript yellow apartment house. Others flagged down traffic warning that there might be shooting ahead.

Crowds gathered on balconies and in doorways as armed men, who some bystanders thought were from Amal, the Shiite Muslim militia, ran into the building and came out dragging a man in pale blue pajamas and slippers.

Amid angry shouts and gestures and brandishing of weapons, they wrestled the man to a Mercedes and pushed him into the trunk. The Mercedes and a second car full of gunmen sped off. There was no way of knowing Mr. Habi's fate. But it was clear that little good was in store for him.

The crowd that gathered in the street was eager to identify Mr. Habi, or "the captain," as he was called, and explain what was going on to a handful of foreign journalists who had stumbled on the scene.

"Everyone who was with Israel will be killed," said a boy of about 10.

Mr. Habi's gunmen had controlled a section of the old city, extorting money from the gold dealers in the market and other merchants, local people said.

President Gemayal and other leading figures came to the city Sunday to celebrate the departure of the Israeli troops. But in a way, the events on the few blocks of the hillside neighborhood Sunday afternoon told more about the turnover of power as the Israelis pulled out.

Just after the seizure of Mr. Habi, another car pulled up and a man with pale blue eyes and a neat beard got out.

The crowd rushed over and many began hugging him, some weeping. He was Sheikh Mufak Rawas, the Sunni Muslim clergyman of the

mosque just up the block, and he was returning for the first time since the Israelis expelled him on May 25 for resistance activity.

Of the clergymen at the 14 or 15 mosques in the city, he estimated that the Israelis had expelled about 40 percent as the resistance to their occupation grew.

He nodded as he was told him what had just happened to Mr. Habi.

"Each Moslem is part of the Islamic resistance," he said. "We are with everyone who is against Israel and against everyone who is with Israel."

Fundamentalist Protest

Witnesses estimated that there were between 10,000 and 12,000 Moslem fundamentalists in the demonstration against Mr. Gemayal on Monday, Reuters reported from Sidon.

Escorted by gunmen with automatic rifles and grenade launchers, groups of demonstrators rampaged through the streets, storming into five stores to smash liquor bottles.

It was the first major show of force by gunmen in Sidon since the Israeli withdrawal. The demonstrators, mainly from West Beirut's poor Moslem suburbs, carried placards of Lebanese Moslem figures and of the Iranian leader, Ayatollah Ruhollah Khomeini.

"God is great, we want a Moslem city and an Islamic republic," they chanted. "Where was the army when the Israelis were here?"

Shops closed hurriedly and residents retreated to their homes. Troops stayed at their posts but did not intervene.

3 Killed in Beirut Bombing

A car bomb exploded Monday in a Shiite Moslem suburb of Beirut, killing three persons and wounding 20, security sources said, according to a Reuters report. The blast wrecked several cars and devastated nearby buildings, they added.

The bomb went off about 50 meters (54 yards) from an office of the Shiite Amal movement, but Amal sources said none of its members had been injured.

Israeli Town Expects Shelling Again

(Continued from Page 1)

been preparing for began in earnest Saturday when the Israeli military executed the first stage of its three-stage withdrawal from Lebanon.

The first stage of the pullback posed no immediate threat to Kiryat Shmona. But when the withdrawal is completed — it is scheduled for late summer or early fall — this community of 14,000 will again be in range of Katusha rockets, the Soviet-made weapon that Palestinian guerrillas in southern Lebanon constantly used to threaten and intermittently shell this and other northern Israeli towns.

Menachem Begin, who as prime minister launched the 1982 invasion, promised that such attacks would never come again. In his defense of the war, he made Kiryat Shmona a slogan, a rationale for all the death and destruction that descended on southern Lebanon with the invasion.

"Katushas will never again fall in Kiryat Shmona," he exhorted at rallies in support of the war. "Never. Never again."

But that was more than two years ago, before more than 600 Israeli soldiers had died in Lebanon, before the war deeply divided the country and helped to cripple the national economy. Now there is a new government in Jerusalem with a defense minister who speaks in bluntly different terms.

"We never promised that a single Katusha would not fall anywhere," Defense Minister Yitzhak Rabin said Jan. 17, three days after the cabinet approved the withdrawal plan. "Nor will we make such a promise."

Here at the Katusha front line, Mr. Rabin's message has sunk in and has been accepted. There is a

realization that there is no longer a reasonable alternative.

"I feel very good about it," said Maya Ben Adira, the receptionist at the North Hotel, which has been hit by rocket fire more than once. "We prefer this. It's better than 600 soldiers killed."

Mr. Peleg, the school principal, said, "It's not so much fear that people feel as uncertainty. They know they won't suffer like they did in 1981. It won't go back to that."

The first half of 1981 was difficult for Kiryat Shmona. The town's population was then 18,000, but amid the pounding of artillery and rocket barrages from the nearby Palestinian bases more than half the people fled south. The high school frequently was empty, the children kept at home by their parents. People spent days at a time in the shelters.

Then, in July of that year, a U.S.-sponsored cease-fire took hold and brought 11 months of quiet to Israel's Upper Galilee region. The invasion the next year was intended to eliminate the threat against this and other communities in northern Israel.

Sitting in Mr. Peleg's office, Nelly Zafren, 17, and Shukry Jacobs, 15, remember 1981. They said they and their friends were worried about what will happen in the coming months as the military continues its pullback.

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Egyptian Air-Defense Unit in Sudan Being Withdrawn, U.S. Sources Say

By David B. Ottaway

Washington Post Service

WASHINGTON — Egypt has decided to pull out an air-defense brigade that it sent to the Sudanese capital of Khartoum in March after an attack on the city by a Libyan bomber, according to Pentagon and State Department sources.

The remnants of the brigade are scheduled to leave by the end of this month following the failure of Egypt and Sudan to set up a permanent air-defense system for the capital, according to the sources.

The withdrawal of the brigade, apparently purely for military reasons, comes amid increasing division within the Egyptian government over its policy toward Sudan and how close Cairo should continue to associate itself with the Sudanese president, Major General Gaafar Nimeiri.

Egyptian officials in interviews in Cairo last month made clear that the issue was regarded as extremely delicate because of General Nimeiri's unpredictable behavior and the possibility that he might turn on the Egyptians if they pressed him too hard. They thought he might even make an alliance with his chief enemy, Colonel Moamer Qadhafi of Libya.

(The London newspaper The Observer has reported that Libya

and Sudan are conducting secret talks on ending their support for each other's rebels, The Associated Press reported from London.)

Without Egyptian support, General Nimeiri's survival in face of mounting internal opposition to his government appears uncertain.

General Nimeiri has survived at least 20 coup attempts since coming to power in a military coup in 1969, and his government is fighting rebel secessionists in the south. Egypt is bound by a defense treaty to defend Sudan against external aggression. In 1982 the two nations signed an economic integration pact.

The defense treaty does not commit Cairo to help General Nimeiri against internal unrest, but Egyptian military intervention already has saved him from his enemies at least twice — in 1971 against the Communists and in July 1976 against a Libyan-backed insurrection in the capital.

A Sudanese government source said that he was convinced that the Sudanese Army no longer fully supported General Nimeiri. "But they want a guarantee the Egyptians will not intervene if they act," the source said.

Apparently no such guarantee has been forthcoming, largely because Egyptian and U.S. officials

are worried about chaos erupting if General Nimeiri suddenly left the scene.

The officials admit, however, that relations between Egypt and Sudan have become delicate and that Sudan has become a foreign policy preoccupation.

The fear in Washington is that Soviet-backed Libya and Ethiopia, already deeply involved in aiding the rebels against General Nimeiri's government, will both rush to help whoever tries to take his place in a crisis.

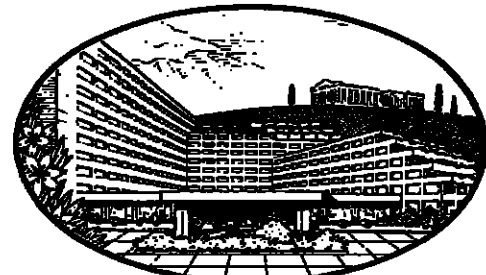
One sign of the shifting Egyptian attitude is the increased contacts between Cairo and Sudanese opposition representatives since last spring.

President Hosni Mubarak of Egypt reportedly has been using a "kid-gloves" approach toward General Nimeiri, preaching moderation and reconciliation to him in their frequent meetings.

General Nimeiri's decision on Jan. 18 to hang the 76-year-old leader of the Republican Brothers, a moderate Islamic fundamentalist sect, appears to illustrate that the Mubarak soft line is not working. General Nimeiri appears determined to follow through with the imposition of strict Islamic law in the country.

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ARTS / LEISURE

Ex-Eagle Making Solo Flights

By Michael Zwerin
International Herald Tribune

PARIS — Don Henley, drummer and vocalist with the disbanded megagroup The Eagles ("Hotel California," which he co-wrote), recently released his second solo album, "Building the Perfect Beast," which deals with ecology, spiritual values and politics. It has sold 800,000 copies, a number Henley describes unenthusiastically as "all right," explaining: "I only break even at 750,000."

In Los Angeles, he climbs into his car, shoves a work tape in the cassette machine, turns up the volume and cruises around, making up his songs. "It's the perfect working environment. The phone doesn't ring, the scenery keeps changing. I get a lot of thinking done in a car." He speaks with nostalgia about the fast lane: "You can drive 100 miles an hour from the little town I come from back in Texas, to Dallas, 160 miles, and not see one cop, not a curve in the road. I need space. I miss that in Los Angeles."

He is "involved with" the American Rivers Conservation Council, the Wilderness Society, the Sierra Club and the American Farmland Trust and he is suing the city of Los Angeles to try to stop developers from blighting the hills, as he sees it, with condominiums.

"America runs on greed," he said last week during a promotion tour to break "The Perfect Beast" into the European market. "Some day it's going to turn the whole place into a desert. We've got to think of quality of life, not quantity. America is obsessed with more and bigger. It's got to stop somewhere."

Writing songs about ecology for an album that only breaks even at 750,000 copies while driving aimlessly around polluting the environment is a classic California contradiction. And the blond, lean Henley, with his sexy drawl and solid cleft chin, is on the surface a classic California rock star, a breed that presumably thinks only about parties, getting high and buying

shiny things paid for by exploitative love songs.

There is a love song, "You Can't Make Love," on the album, but it's really about semantics. You watch TV and you learn that if you buy your girl a diamond or a fur coat, well, that's real love. But you can't make love. Am I supposed to bring a hammer and some nails? Or tomato sauce and a bowl and spoon? Love's a word that's been kicked around until it's meaningless.

This is not, it appears, your everyday, run-of-the-mill beach boy-cum-ski chalet pretty face. As long as he brought it up, what can semantics reveal about him? What is freedom?

"Freedom is something you don't really want when you get it."

Success? "I'll never have the degree of success I had with the Eagles. I don't want it. Success is peace of mind."

Rock?

"Beats me. I don't really know where rock ends and pop begins. Those definitions are not so clear any more. Black music, for example, is getting more beige all the time. I guess rock has to do with a certain aggressiveness or texture. They put me in the rock category for the Grammy nominations so I seem to be a rock musician."

Art? "I used to have a good definition of art, but I forgot right now. Anyway, I'm not sure that rock is art. Being classified as an 'artist' makes me nervous. Rock is peasant music, folk music. I wish I could remember that definition."

The Linden, Texas, high school band, with which Henley played drums, won state and regional competitions. He learned the rudiments and played jazz for a while. The awkward position required to sing and drum at the same time in rock groups gradually threw one

shoulder higher than the other, and he has back trouble, so he doesn't drum any more. Anyway, "I'd rather write songs and sing. It's more fun."

A story about Don Henley would be incomplete without the fact that he was arrested in February 1981 after Los Angeles paramedics reported that they had treated a 16-year-old girl for a drug overdose at his home. It is unpleasant to bring this up because he seems damaged somehow, like someone traumatized by an accident who now drives with exaggerated sobriety in the slow lane.

The sentence was suspended, but the experience might explain his intensity. He seems to be supporting more than his weight. Pointing to a book about wine he was carrying, he said, somewhat defensively: "Look, I'm not serious all the time. You might call me a hopeful pessimist. But kids don't read much any more. I think it's important to get information across with music. I'm going to stay and fight and do what I can with what influence I have."

"Everybody's talking about Ethiopia now, and I'm all for helping Ethiopia but there are black people starving on the streets of Los Angeles. Indians are freezing to death. And did you know that 150 to 200 small farmers are going out of business every week?"

"Reagan's farm policy is destroying the fabric of life in rural America. He's letting big business pollute our rivers, allowing timber companies to destroy our forests. And at the same time he speaks these platitudes about the old values."

"My father taught me how to grow vegetables. He was a farmer, and his father before him. I still do that. My garden keeps me sane. And oh, yeah, I remember my definition of art. Neil Young has a dog named Art. He wrote a song for him, 'For Art's Sake.' Art is Neil Young's dog."



Don Henley: Being called an "artist" makes him nervous.

Brisk-Paced 'Mean Season' Describes Risks of a Scoop

CAPSULE reviews of films recently released in the United States:

The thriller "The Mean Season," directed by Philip Borsoos, reveals how much can go wrong for a re-

MOVIE MARQUEE

porter who enjoys a symbiotic relationship with his source, particularly when the source is a serial murderer who enjoys seeing his name in print. When Malcolm Anderson (Kurt Russell), a reporter for a Miami newspaper, gets his first call from a man later dubbed

"The Numbers Killer," Anderson is stimulated and mildly flattered. Anderson has caught his attention by locating a snapshot of the man's first victim and describing it as "all that remained of her tragically short life." Only later do the ethical questions raised by this interchange become apparent, as do the dangers.

"The Mean Season," has a brisk pace and a lot of momentum, says Janet Maslin of The New York Times. "It also has a few more surprises than the material needed, since Borsoos, who for the most part works in a tense, streamlined style, likes red herrings."

Days of Long Johns Are Long Gone; Winter Underwear Goes Fashionable

By Nancy Beth Jackson
International Herald Tribune

PARIS — As freezing temperatures return to large parts of Europe, the appeal of "long underwear" grows — especially since long underwear now means a lot more than grandpa's long johns. It is even fashionable.

"Long" underwear still keeps a body warm during cold spells, but it is not necessarily long and is not always hidden under layers of outerwear. It comes lace-trimmed and décolleté in fine wools and silks for high-fashion women. In synthetic blends that have kept climbers cozy on Mount Everest and in space-age fabrics that look like so much wrinkled cheesecloth until stretched over a skier's body.

Designed for winter sportsmen, sufferers of arthritis and rheumatism and people who cannot or will not tolerate winter's cold, thermal underwear now includes classic long- and short-sleeve T-shirts, lace camisoles, unisex tights, girdle-like warmers for the lower back and stomach, shoulder warmers, boxer shorts, socks and caps.

"In the last two or three years there has been an evolution, with more modern styles and an increase in sales. Even old people want to be stylish as they stay warm," said Henriette Simonnet, a veteran cold-weather-underwear saleswoman at a major department store in Paris.

No matter what the fabric, the principle is the same: helping the skin regulate body temperature.

"It is necessary for the body to keep a constant temperature. In cold weather the body must work to keep a temperature around 37 degrees centigrade [98.6 Fahrenheit] while also working for whatever activity the body undertakes. The energy expended is much greater," said Alan Nys, a sports medicine specialist in Paris.

Keeping warm in winter, he said, is not only a matter of comfort. Cold contracts the capillaries carrying blood to the skin, disturbing normal circulation and heightening the danger of sudden increases in blood pressure during physical activity. Cold also contributes to muscular and ligament injuries, he added.

Like the stillsuits in Frank Herbert's "Dune," thermal undergarments help the body conserve what it produces. The fictional stillsuits conserved moisture; thermal underwear uses the body's heat as insulation against the cold.

Known for their sexy underwear, the French are also major manufacturers and consumers of synthetic and natural-fiber thermal underwear.

"Like most Frenchmen, I'm fond of my comfort," said Pierre Mironneau, export manager of Pichon Frères, which has been making thermal underwear since 1890.

The choice of thermal underwear material depends as much on personal preference as thermal qualities, but Dr. Robert Arnot, known as "Dr. Sport" in the United States and author of "Sportselection" (Viking Penguin, 1984), offered this rule of thumb: "The slower your activity, the more you need layers of natural-fiber materials. Conversely, the more active you are, the less material you need and the more synthetic it should be."

Although some people are allergic to wool or synthetics, cotton, the cheapest natural fiber, remains a year-round favorite for regulating body heat. Worn under a layer or two of wool, it provides extra warmth. But it leaves the wearer feeling cold and clammy if much physical exercise is undertaken.

Wool underwear can be pure sheep wool or combinations such as angora and wool or wool and silk.

more expensive than cotton, but less expensive than pure silk. A long-sleeved undershirt for women runs \$20 to \$30.

Underwear wool is merino, sheared from a fine-wool family descended from sheep introduced in Spain by the Moors. Unlike coarser wools, merino has a higher number of crimps (or succession of waves) per inch, a denser fleece and a finer diameter.

A knitted wool or wool-based fabric contains millions of air pockets, making up as much as 80 percent of the volume of wool fiber. Wool reputedly can absorb a third of its weight in body moisture.

For more than 500 years — since the merchants of Lyon decided to concentrate on manufacturing fine-quality silks instead of peddling Italian silks — France has been a center of silk production. But the industry took on new life in recent years as consumers looked for ways to beat high energy costs and also became more active in winter sports.

Always a top-of-the-line item, a simple silk "thermal" undershirt retails for \$30 to \$40. Lower in density than cotton or wool, it is more moisture-absorbent and heat-resistant than wool.

Both silk and wool thermal undergarments are light enough to wear under body-clinging fashions. French women traditionally avoid bulky layering in drafty offices or restaurants by wearing a silk or wool undershirt under a silk or cotton blouse.

When it comes to price and sales volume, the synthetics are king. One of the giants in the field is Danart, which is listed on the French stock exchange and whose products are sold in France, Britain, Spain, West Germany and Italy, with annual sales of well over \$100 million. Begun in 1855 to manufacture menswear fabrics, Danart moved into synthetics in 1950 with a knitted chlorofiber. A synthetic Danart undershirt retails for less than \$10.

The synthetic fabric helps insulate the skin against cold and promises to raise body temperature several degrees through a kind of massaging action.

In the United States, cotton thermal underwear is a traditional favorite, with wools and particularly silks considered luxury items. But recently physical fitness enthusiasts have moved into so-called space-age fabrics, such as polypropylene. Dr. Arnot, who encourages year-round outdoor exercise, says the new fabrics make it possible "to create your own micro-environment." In polypropylene underwear and headgear, body moisture is pulled to the surface of the fabric, where it is evaporated, instead of making the body feel cold and clammy. An undershirt of this fabric costs about \$18.

In Europe, where thermal underwear is often considered a pharmaceutical or orthopedic item, claims are made about aiding rheumatism and arthritis sufferers, bronchial patients and those particularly sensitive to cold. The French Ministry of Social Affairs said in 1983 that a blend of merino wool, angora and synthetic fibers eased certain rheumatic complaints by contributing to body heat.

Dr. Nys said his fellow Frenchmen liked the idea that thermal underwear could somehow make them healthier. Whatever the scientific basis for such claims, thermal underwear does help circulation and makes people more comfortable against the shock of bitter winter cold, he said.

BBC Report on Ethiopia Famine Wins Prize

Agence France-Press
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Netherlands	Fl.	480	245	124
Norway	N.Kr.	1,180	590	320
Portugal	Esc.	11,200	5,600	3,080
Spain	Ptas	17,400	8,700	4,800
Sweden	S.Kr.	1,400	720	380
Switzerland	S.Fr.	372	188	108
The rest of Europe, North Africa, former French Africa, U.S.A., French Polynesia, Middle East	\$	284	142	78
Rest of Africa, Latin America, Gulf States	\$	396	198	108

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Statistics Index

TUESDAY

NYSE To Stop

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After the close of the market, the Dow Jones Industrial Average rose 1.58 points to 2,488.10. The S&P 500 rose 1.58 points to 348.10. The New York Stock Exchange volume was 1.1 billion shares. The Dow Jones Industrial Average rose 1.58 points to 2,488.10. The S&P 500 rose 1.58 points to 348.10. The New York Stock Exchange volume was 1.1 billion shares.

SEC

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Markets Close

U.S. stock and commodity prices closed mixed on Tuesday, with most major indices ending higher. The Dow Jones Industrial Average rose 1.58 points to 2,488.10. The S&P 500 rose 1.58 points to 348.10. The New York Stock Exchange volume was 1.1 billion shares.

24 Feb 1985

Herald Tribune BUSINESS / FINANCE

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FUTURES AND OPTIONS

NYSE Finally Warms Up To Stock-Index Market

By H.J. MAIDENBERG
New York Times Service

NEW YORK — When stock-index futures were introduced three years ago this week, the New York Stock Exchange shrugged them off, as it had the new equities options 10 years earlier. That attitude persisted even after the more successful index options, also based on Big Board listed issues, began trading in 1982.

Especially puzzling to many in the industry was that the Big Board's attitude did not change after it subsequently opened futures and options markets on its own composite index. In fact, most news of its index market, the New York Futures Exchange, the past year has concerned the Big Board's efforts to get its offering off the premises and married somehow with one of New York's commodity exchanges.

"All this is now past history," said Ivers W. Riley, executive vice president in charge of options and index products at the Big Board. "While we still would like NYFE's floor space for our new stock-options market, we are very much committed to our index-options market."

Indeed, the options market on the Big Board's composite index of about 1,500 stocks, which opened in September 1983, has been growing steadily. Last month, for example, average daily volume was up 40 percent from the 1984 level, despite the slow acceptance of the exchange's "jumbo," or double, index option introduced last July.

Moreover, Mr. Riley noted that his exchange was seeking approval from the Securities and Exchange Commission to trade index options based on stocks of technology companies listed on the over-the-counter market.

The options market on the composite index has been growing steadily.

As for the SEC's approval last Wednesday of the Big Board's plan to trade stock options, Mr. Riley said he did not expect the first such contracts to be picked and ready for trading until late in the year. The Big Board cannot trade stock options already traded on other exchanges, he said.

Mr. Riley emphasized that the Big Board will continue to strengthen its index-options market "because index options have only now, and I emphasize the 'now,' become vital tools for institutional investment managers."

"Until now, few institutions were active in the index-options market and even fewer traded index futures," he said. "Most of the trading was done by individuals and exchange floor traders. Now it has changed dramatically. We see more and more institutions participating in the index-options market."

Specifically, he said, "institutional portfolio managers have taken to writing, or selling, call-index options when they sense the market is topping out after an advance. By selling calls, they can hedge against a market decline as well as earn the premium income and continue to receive dividends on their holdings. Also, index options often eliminate the need to select which stocks to sell when the market looks like it's about to top out."

By selling a call, the writer in effect offers the buyer of the option the right to buy the underlying "index" at a fixed price within a set period of time. The buyer pays a premium for the option, which may or may not be exercised. If the call is exercised, or called away from the seller, no stock changes hands, only cash.

(Continued on Page 8, Col. 5)

European Computer Accord

6 Firms Seek To Combat IBM

By Bob Hagerty
International Herald Tribune

LONDON — Six West European computer makers, banded together to resist the market dominance of International Business Machines Corp., announced Monday an agreement to set common standards for development of software used on their equipment.

The six said they would promote standards for the use of the Unix operating system, developed by American Telephone & Telegraph Co. An operating system coordinates the software and hardware resources of a computer system.

The companies are: Nixdorf Computer AG, Ing. C. Olivetti & Co., Siemens AG, NV Philips, France's state-owned Bull, and ICL, which was acquired last year by Standard Telephones & Cables PLC of Britain.

The agreement came after a series of talks among the companies that began last June.

"They are really facing a tough uphill battle" in competing with IBM, observed Mike Rappolt, development director of the London-based consulting firm PACTel, "and it makes sense for them to come together." But, he cautioned, "The history of such European cooperation is not a happy one."

All six European companies already are developing computer systems using Unix, as is IBM, which offers the AT&T product as well as other operating systems. The European project is aimed at ensuring that a European standard will quickly develop and at giving software producers a lead on how to develop programs suitable for use on systems sold by all the major European companies.

"We're looking for a homogeneous marketplace," said Keir Hopkins, ICL's director of international network services and the chairman of the European project. The coordination should reduce IBM's competitive advantage by offering users the chance to choose another widely established operating system with a plentiful supply of software, he said.

The six companies are putting together small task forces to put their plans into effect, the ICL executive said. There will be no formal organization to promote the coordination, he said.

Logica PLC, a big London-based maker of software, enthusiastically welcomed the long-rumored coordination. Hector Hart, commercial manager of Logica's software products group, said companies developing software would view the common standards as vital information.



A family in Renhe, in China's Sichuan province, displays its stores of grain.

A Record Crop Is Changing China

By John F. Burns
New York Times Service

CHONGQING, China — In Renhe township, an hour's bus ride from this teeming south China city, Chen Yanhuan and his family have stores of rice brimming over the sides of the cypress-wood coffin that sits in the bedroom of their mud-brick home.

Mr. Chen's widowed mother, Zhu Shuhuan, who is 64, bought the coffin a few years ago for the day when she will be laid alongside her ancestors. But last year the family's rice surplus overflowed the giant earthenware vats and wicker bins ordinarily used for storage, so the coffin was pressed into service.

More than six years after China's 800 million peasants were released from Mao Zedong's collectivized system of agriculture to work the land as families, they are running into unfamiliar problems. Suddenly, in places like Renhe all across the

country, there is relative abundance where famine or privation had prevailed for centuries.

Last year, officials in Beijing announced that the grain harvest exceeded 400 million tons, a record accomplishment that they said made China self-sufficient in its staple food for the first time in history.

This was not good news for everyone. For the United States and other grain exporters, it meant shrinking prospects in what has been one of the world's largest markets. In the past two years, China bought 4.2 million tons less than it had contracted to buy from U.S. farmers under a four-year pact stipulating a minimum annual purchase of six million tons.

China also cut back other agricultural imports, such as soybeans. And when the United States imposed new textile-import restraints last summer, the Chinese shunted some food purchases to other

(Continued on Page 9, Col. 1)

BIS Figure On Bank Loans Revised Up 14%

By Carl Gcwirtz
International Herald Tribune

PARIS — International Bank Lending at the end of 1983 has been revised upward by 14 percent, or \$155 billion, the Bank for International Settlements reported Monday, due to a new, wider data base now in use.

Lending to countries in Asia registered the biggest change, a jump of 64 percent to \$81.7 billion at the end of 1983 from the \$50 billion previously reported outstanding there. Total lending to Asia increased further to \$82.6 billion by the end of the third quarter of last year, the period covered in this latest quarterly analysis of international banking by the Basel-based institution.

The BIS is commonly thought of as the central bankers' central bank.

The revisions show that loans to Malaysia at the end of 1983 were 89 percent greater than previously estimated, at \$11.4 billion — a total which rose to \$11.7 billion by last September.

The increase for the Philippines was 70 percent, to \$13.67 billion at the end of 1983. By the end of the third quarter, its bank debt totaled \$13.72 billion.

The other big jump, 52 percent, was for South Korea — to \$29.26 billion by year-end and to \$30.2 billion last September.

The revision for Papua New Guinea, up 220 percent, was the greatest although the amount — \$539 million at the end of 1983 — was relatively small. Likewise for Sri Lanka, up 122 percent at \$769 million. China's debt at the end of 1983 rose 81.5 percent under the new measurement, Thailand's by 69 percent and India's by 57 percent.

Lending at the end of 1983 to Latin America was revised upward by almost the same amount, some \$34 billion, but the percentage increase was a much smaller 19 percent.

The revisions for Latin America came as much less of a surprise as most of these countries are engaged in renegotiating their debt and the

discrepancy between the BIS numbers and the amounts actually being rescheduled has been a matter of record.

The revisions result from the inclusion of data from banks in Bahrain, Hong Kong, Singapore, the Cayman Islands and the Netherlands Antilles as well as more-complete reporting from banks in Switzerland.

Lending at the end of 1983 to members of the Organization of Petroleum Exporting Countries was revised upward by 25 percent, to \$109 billion. Relatively taken revisions of 2.8 percent for Eastern Europe, 2.4 percent for Africa (excluding South Africa) and 1.8 percent for the Middle East, in addition to the groups of countries already cited, account for \$94.6 billion of the overall \$155-billion increase.

The new data also catch a \$62.6-billion increase in deposits by this same group of countries — meaning that the revisions for the end of 1983 show their net debt position increased by \$32 billion.

For the third quarter of last year, the growth of international bank lending slowed sharply — a \$10-billion increase compared with gains of \$25 billion in the previous two quarters. Most of the increase, or \$8.5 billion, represented new loans to the major industrialized countries.

The small \$1.5-billion increase in loans to other countries kept the pace of that lending for the first three quarters virtually unchanged from the comparable 1983 period.

The BIS noted that the "main feature" of the third quarter was a decline of nearly \$14 billion in the total external claims of U.S. banks — a reduction of \$17.5 billion in their interbank lines accompanied by \$4-billion drop in their deposits.

As a result, the interbank market — which is the base from which the Euro market does business — contracted by \$6.8 billion, double the previous decline in the second quarter of 1983. And, for the first time since the first quarter of 1979, the gross size of the international

(Continued on Page 9, Col. 2)

U.S. Firms' Profits Flat in 4th Period

By Nicholas D. Kristof
New York Times Service

NEW YORK — Solid economic growth continued to bolster corporate profits in the fourth quarter, but the rising dollar on currency markets took a toll on profits in industries that depend on exports or compete significantly with imports.

Overall, after-tax earnings probably were about the same in the fourth quarter as in the third quarter, after adjustment for seasonal differences. But they were still high by historical standards, not much below the record set in the first quarter of 1984 when the economy was roaring ahead at an annual growth rate of more than 10 percent.

According to a compilation by The New York Times of fourth-quarter earnings reports from 247 companies, 129 of them showed improved profits compared with the equivalent period a year earlier (including 13 that were in the red in the 1983 period). 72 showed a decline in profits, 3 were unchanged and 35 posted a loss. No comparison could be made for 8 companies.

"Profits were held down in the fourth quarter by price weakness," said Roger E. Brinner, chief economist of Data Resources Inc., a consulting company based in Lexington, Massachusetts. He noted that the weakness in prices was the result of competition from a deluge of less expensive imports.

Mr. Brinner also noted that gains in productivity slowed as the economy left the recession further and further behind. That means that labor unit costs rise at almost the same rate as prices, curtailing profit growth.

Many industries felt the impact

of the rising dollar. Exporters found that their goods did not sell very well because they were more expensive in relation to foreign currencies. And imports, made cheaper in dollar terms, flooded into the domestic market, replacing some U.S. production and holding down prices and profits in many sectors.

The fourth quarter capped a record year for profits in the United States, but earnings were most pronounced in the first half of the year when economic growth was strongest. Profits declined from an annual rate of \$150.6 billion in the first quarter, to \$150.2 billion in the second quarter, to \$141.7 billion in the third. Data Resources estimates that fourth-quarter profits were at an annual rate of \$140.9 billion.

"There tends to be some slowing of profit growth as a recovery matures," said John J. McAuley, an economist with Chemical Bank.

Average profit performance figures conceal enormous differences among companies, even within industry groups. For example, while Chrysler's profit rose more than fourfold over the fourth quarter of 1983, General Motors declined by 32 percent, in part because of strikes late in the year.

Currency Rates

Official rates for Amsterdam, Brussels, Frankfurt, Milan, Paris.

	Amsterdam	Brussels	Frankfurt	Milan	Paris
U.S. dollar	3.712	4.889	113.255	37.285	6.563
Swiss franc	45.94	72.84	20.11	4.57	3.253
Italian lira	3.7788	3.614	3.365	3.369	1.617
Japanese yen	1.8925	1.8925	16.945	3.2318	4.076
West German mark	2.2236	2.2240	61.81	20.21	54.40
Portugal escudo	10.84	11.822	2.0594	—	4.95
Taiwan dollar	254.75	202.67	12.28	25.40	49.10
Spain peseta	200.48	166.37	16.66	16.66	16.66
Sweden krona	1.336	1.336	1.336	1.336	1.336
Denmark krone	1.36	1.36	1.36	1.36	1.36
Finland markka	5.9457	5.9457	5.9457	5.9457	5.9457
Greek drachma	133.30	133.30	133.30	133.30	133.30
Irish pound	7.8756	7.8756	7.8756	7.8756	7.8756
Belgian franc	40.3399	40.3399	40.3399	40.3399	40.3399

Dollar Values

	U.S. dollar	Swiss franc	West German mark	Japanese yen	French franc	Italian lira	Spanish peseta	Portuguese escudo	Belgian franc	Dutch guilder	Austrian schilling	Scandinavian currencies
U.S. dollar	1.0000	0.8933	1.9360	161.05	6.5595	2036.26	166.37	200.48	40.3399	3.7603	13.7603	1.3360
Swiss franc	1.1196	1.0000	2.1736	180.33	7.2963	2309.36	180.33	220.37	44.8331	4.2037	15.4366	1.4548
West German mark	0.5163	0.4608	1.0000	80.33	3.0937	1036.83	80.33	100.48	20.1598	2.0048	7.4564	0.7363
Japanese yen	0.0062	0.0055	0.0124	1.0000	0.0376	12.3622	0.0124	0.0155	0.0031	0.0031	0.0113	0.0074
French franc	0.1523	0.1372	0.3209	2.6399	1.0000	33.3333	2.6399	3.3333	0.0248	0.0248	0.0893	0.0113
Italian lira	0.0005	0.0004	0.0010	0.0081	0.0003	1.0000	0.0081	0.0100	0.0002	0.0002	0.0074	0.0005
Spanish peseta	0.0060	0.0053	0.0121	0.0081	0.0031	0.0045	1.0000	1.2500	0.0012	0.0012	0.0045	0.0031
Portuguese escudo	0.0050	0.0044	0.0100	0.0066	0.0025	0.0033	0.0080	1.0000	0.0001	0.0001	0.0033	0.0025
Belgian franc	0.0248	0.0221	0.0496	0.0204	0.0074	0.0248	0.0204	0.0250	1.0000	0.0248	0.0893	0.0113
Dutch guilder	0.2603	0.2332	0.5200	4.3637	1.6393	53.3710	4.3637	5.5556	0.0417	1.0000	3.7603	0.4763
Austrian schilling	0.0133	0.0119	0.0263	0.2136	0.0808	26.3359	0.2136	2.7500	0.0025	0.0025	1.0000	0.1333
Scandinavian currencies	0.0074	0.0066	0.0145	0.0055	0.0021	0.0074	0.0055	0.0069	0.0001	0.0001	0.0033	1.0000

Interest Rates

Eurocurrency Deposits Feb. 18

	1 mo.	3 mos.	6 mos.	1 year	2 years	3 years	4 years	5 years
U.S. dollar	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Swiss franc	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
West German mark	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Japanese yen	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
French franc	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Italian lira	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Spanish peseta	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Portuguese escudo	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Belgian franc	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Dutch guilder	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Austrian schilling	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Scandinavian currencies	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%

Asian Dollar Rates

Feb. 18

	1 mo.	3 mos.	6 mos.	1 year	2 years	3 years	4 years	5 years
U.S. dollar	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Swiss franc	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
West German mark	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Japanese yen	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
French franc	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Italian lira	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Spanish peseta	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Portuguese escudo	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Belgian franc	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Dutch guilder	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Austrian schilling	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
Scandinavian currencies	8 1/2%	9 1/2%	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%

Key Money Rates

Source: Reuters.

Markets Closed

U.S. stock and commodity markets were closed Monday because of a holiday. Markets in Malaysia, Singapore, Hong Kong and Taiwan will close Tuesday because of a holiday. They are to reopen Feb. 25.

Floating Rate Notes

Feb. 18

Country	Issue	Rate	Yield
Canada	100,000,000	100.0000	10.0000
France	100,000,000	100.0000	10.0000
Germany	100,000,000	100.0000	10.0000
Italy	100,000,000	100.0000	10.0000
Japan	100,000,000	100.0000	10.0000
Netherlands	100,000,000	100.0000	10.0000
Spain	100,000,000	100.0000	10.0000
Sweden	100,000,000	100.0000	10.0000
Switzerland	100,000,000	100.0000	10.0000
UK	100,000,000	100.0000	10.0000
US	100,000,000	100.0000	10.0000

BUSINESS ROUNDUP

Caledonian Delays Public Share Issue

Reuters
LONDON — Plans for a public flotation of shares of Caledonian Aviation Group PLC, parent of British Caledonian Airways Ltd., have been postponed, although a share sale is still ultimately intended, Adam Thomson, the company's chairman, said Monday.

Circumstances have changed since the possibility of an offering was investigated last year, he said at a news conference. Caledonian's finance director, Trevor Boud, said later that the group's latest accounts were not viewed as a suitable base for an early share issue.

Pre-tax profit for fiscal 1983-84, which ended Oct. 31, rose to £15.4 million (about \$14 million) from £3.3 million the previous year. But the latest results were heavily

boosted by volatile profits from trading in used aircraft.

Mr. Boud said large aircraft-trading profits were particularly welcome in view of the setbacks resulting from political problems in Nigeria and Libya. Profits on sale of assets, mostly aircraft and parts, amounted to £8.8 million against £1.9 million the previous year.

The group's 1983-84 operating profit, excluding the aircraft-trading contribution, was slightly down at £17 million against £17.7 million in 1982-83. Revenue rose to £262.6 million from £248.5 million.

Net profit after tax amounted to £12 million against £2.1 million the previous year. The company paid dividends amounting to £2.2 million compared with nothing the previous year.

Caledonian is an unlisted public

company whose shares are largely held by banks and other institutional investors. About two-thirds of its shares are held in blocks of 500,000 shares or more.

Mr. Thomson forecast a significant improvement in results this year, saying: "The airline industry is recovering from the economic doldrums of the early 1980s and British Caledonian is well placed to benefit from this recovery."

Last year's results also reflected losses from the group's package tour and helicopter operations, which were facing severe competition.

Mr. Thomson said British Caledonian was launching new services from Britain to Doha and Jeddah in Saudi Arabia this spring, while London-New York operations would start in the summer.

BMW Predicts Record Profit

Reuters
MUNICH — Bayerische Motoren Werke AG reported record results for 1984 and expects further records this year, the managing board chairman, Eberhard von Kuenheim, said Monday.

He said at a news conference that profit and tax payments reflect the 18-percent increase in world group revenue last year, to 16.48 billion Deutsche marks (\$5.06 billion).

He gave no 1984 profit figure and declined to predict the amount of the dividend. The company paid 11 DM, and a 1 DM bonus, on 1983 results when world group net income was 292 million DM on revenue of 11.9 billion DM.

2500 ON THE DOW and 300% PROFITS

Purveyors of doom profit by prophesying the collapse of capitalism, parroting the gloom manifested by Spengler in his classic work, "The Decline of the West." Despite the surge in stock prices, panics of pessimism continue to expound upon negativist themes. They exist in a subterranean world, where fantasies, disguised as ideas, are churned out by charlatans. In times of stress, their world coaxes from the depths and suddenly fascinates and dominates multitudes of responsible people. CGF need only to allude to the hordes of scared speculators who were cajoled into dumping stocks when the DOW dipped under 800, enchanted by the illusory glitter of gold at \$820 an ounce, chasing silver up to \$44. Our researchers recall a Sunday edition of a N.Y.C. newspaper, which featured 20 advertisements extolling the virtues of the "barbarian relic," when gold was glistering. How, with gold around \$300, advertisements or articles heralding gold, are far from a "barbarian relic" in Moscow.

When is precisely the reason why we are, at this level, dedicated gold bugs, subscribing to the law of contrary reason. As mavens, we urge readers to buy into weakness, to sell into strength, mocking the manic-depressive nature of the "Street." It may be illuminating to note that when the Dow was crashing, when the DOW was under 800, CGF rallied its clients, prognosticating that the American market will thrust upwards on record volume as funds flow into dollars, that the DOW will touch 1000 before hitting 750. Our optimism was sustained. In June 1984, while the market was crashing, our analysts flashed a buy signal, musing: "...the market will erupt on the upside, as the prophets of doom."

Within five trading sessions, the DOW soared 77 points. And now? CGF's forthcoming letter debunks why the DOW will, in our opinion, catapult to 1500, with a longer term target above 2500. In addition, we focus upon two emerging corporations, with the dynamics to vault, as did a recently recommended "special situation," that spiraled 800% in a brief time-span.

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Past performance does not guarantee future results

Stock-Index Futures Heat Up

(Continued from Page 7)
or, in the case of options based on futures, the underlying futures contract.

For example, Mr. Riley continued, "We now see our composite (double index) trading at 212.75 and a March 215 call selling at a premium of 2%." At that premium, the seller is getting more than 1 percent on the basket of stocks represented by the index for a period of one month.

What if the index tops 215 before the March option expires?

He replied that obviously the seller faced a loss if the option was called at a higher price than that for which the contract was sold. In this case, the premium income can only cushion this loss. How big a loss depends on how high the market goes during the remaining life of the option and how long the seller decides to sit with it before it expires.

The seller actually has several choices if the market rises. Aside from buying back his option, the portfolio manager can offset the loss on the option by selling some stocks profitably in the rising market or he can employ index options in a multitude of hedging strategies, Mr. Riley said.

A final point made by the Big Board's options chief was that "despite all the talk to the contrary, we

never ignored the stock- and index-options markets. The fact is that most institutional and other investors did until now, and as a market prime concern has always been to serve the needs of our members and their clients."

\$2.9 Billion Seen In Gas Project

Reuters
SYDNEY — The North West Shelf Gas Project will generate a net national benefit of around 4 billion Australian dollars (\$2.9 billion) in the 25 years to 2009, consulting economist Brown, Copeland & Co. said Monday in an economic analysis of the project.

In a study commissioned by the project participants, Brown, Copeland & Co. said the domestic phase is estimated to generate net national benefits at a 10-percent discount rate of around 400 million dollars in 1984 dollars. The liquefied-natural-gas phase due to start production in 1989 is estimated to produce net benefits of around 3.6 billion dollars at the same discount rate.

Participants in the domestic phase, which began supplying gas last year, are Woodside Petroleum Ltd., BP Development Australia Ltd., Broken Hill Pty. Co. and California Asiatic Oil Co. In the natural-gas phase, Mitsubishi Corp. and Mitsui & Co. are to join the project as a single participant.

Pakistan's Trade Gap Widens

Reuters
KARACHI, Pakistan — Pakistan's trade deficit grew to 5.30 billion rupees (\$337.6 million) in January, an increase of 159 percent from 2.05 billion rupees in December and a 27-percent increase from 4.18 billion in January 1984. Bureau of Statistics figures showed Monday.

London Metals Feb. 18

Figures in sterling per metric ton. Silver in pence per 100 ounce.

High	Low	Close	Previous
SUGAR	14.00	14.00	14.00
COPPER	1.20	1.20	1.20
LEAD	0.15	0.15	0.15
ZINC	0.12	0.12	0.12
NICKEL	0.08	0.08	0.08
ALUMINUM	0.05	0.05	0.05
IRON	0.03	0.03	0.03
STEEL	0.02	0.02	0.02
COBALT	0.01	0.01	0.01
PLATINUM	0.005	0.005	0.005
PALLADIUM	0.002	0.002	0.002
RHODIUM	0.001	0.001	0.001
IRIDIUM	0.0005	0.0005	0.0005
OSMIUM	0.0002	0.0002	0.0002
SELENIUM	0.0001	0.0001	0.0001
TUNGSTEN	0.00005	0.00005	0.00005
ANTIMONY	0.00002	0.00002	0.00002
ARSENIC	0.00001	0.00001	0.00001
BISMUTH	0.000005	0.000005	0.000005
GERMANIUM	0.000002	0.000002	0.000002
INDIUM	0.000001	0.000001	0.000001
THALLIUM	0.0000005	0.0000005	0.0000005
VALENTIUM	0.0000002	0.0000002	0.0000002
ACTINIDE	0.0000001	0.0000001	0.0000001
TRANSURANIC	0.00000005	0.00000005	0.00000005
PLUTONIUM	0.00000002	0.00000002	0.00000002
AMERICIUM	0.00000001	0.00000001	0.00000001
NEPTUNIUM	0.000000005	0.000000005	0.000000005
PROMETHIUM	0.000000002	0.000000002	0.000000002
BERYLLIUM	0.000000001	0.000000001	0.000000001
LITHIUM	0.0000000005	0.0000000005	0.0000000005
SODIUM	0.0000000002	0.0000000002	0.0000000002
POTASSIUM	0.0000000001	0.0000000001	0.0000000001
CALCIUM	0.00000000005	0.00000000005	0.00000000005
MAGNESIUM	0.00000000002	0.00000000002	0.00000000002
ALUMINUM	0.00000000001	0.00000000001	0.00000000001
SILICON	0.000000000005	0.000000000005	0.000000000005
PHOSPHORUS	0.000000000002	0.000000000002	0.000000000002
SULFUR	0.000000000001	0.000000000001	0.000000000001
CHLORINE	0.0000000000005	0.0000000000005	0.0000000000005
BROMINE	0.0000000000002	0.0000000000002	0.0000000000002
IODINE	0.0000000000001	0.0000000000001	0.0000000000001
THALLIUM	0.00000000000005	0.00000000000005	0.00000000000005
LEAD	0.00000000000002	0.00000000000002	0.00000000000002
ZINC	0.00000000000001	0.00000000000001	0.00000000000001
COPPER	0.000000000000005	0.000000000000005	0.000000000000005
SILVER	0.000000000000002	0.000000000000002	0.000000000000002
PLATINUM	0.000000000000001	0.000000000000001	0.000000000000001
PALLADIUM	0.0000000000000005	0.0000000000000005	0.0000000000000005
RHODIUM	0.0000000000000002	0.0000000000000002	0.0000000000000002
IRIDIUM	0.0000000000000001	0.0000000000000001	0.0000000000000001
OSMIUM	0.00000000000000005	0.00000000000000005	0.00000000000000005
SELENIUM	0.00000000000000002	0.00000000000000002	0.00000000000000002
TUNGSTEN	0.00000000000000001	0.00000000000000001	0.00000000000000001
ANTIMONY	0.000000000000000005	0.000000000000000005	0.000000000000000005
ARSENIC	0.000000000000000002	0.000000000000000002	0.000000000000000002
BISMUTH	0.000000000000000001	0.000000000000000001	0.000000000000000001
GERMANIUM	0.0000000000000000005	0.0000000000000000005	0.0000000000000000005
INDIUM	0.0000000000000000002	0.0000000000000000002	0.0000000000000000002
THALLIUM	0.0000000000000000001	0.0000000000000000001	0.0000000000000000001
VALENTIUM	0.00000000000000000005	0.00000000000000000005	0.00000000000000000005
ACTINIDE	0.00000000000000000002	0.00000000000000000002	0.00000000000000000002
TRANSURANIC	0.00000000000000000001	0.00000000000000000001	0.00000000000000000001
PLUTONIUM	0.000000000000000000005	0.000000000000000000005	0.000000000000000000005
AMERICIUM	0.000000000000000000002	0.000000000000000000002	0.000000000000000000002
NEPTUNIUM	0.000000000000000000001	0.000000000000000000001	0.000000000000000000001
PROMETHIUM	0.0000000000000000000005	0.0000000000000000000005	0.0000000000000000000005
BERYLLIUM	0.0000000000000000000002	0.0000000000000000000002	0.0000000000000000000002
LITHIUM	0.0000000000000000000001	0.0000000000000000000001	0.0000000000000000000001
SODIUM	0.00000000000000000000005	0.00000000000000000000005	0.00000000000000000000005
POTASSIUM	0.00000000000000000000002	0.00000000000000000000002	0.00000000000000000000002
CALCIUM	0.00000000000000000000001	0.00000000000000000000001	0.00000000000000000000001
MAGNESIUM	0.000000000000000000000005	0.000000000000000000000005	0.000000000000000000000005
ALUMINUM	0.000000000000000000000002	0.000000000000000000000002	0.000000000000000000000002
SILICON	0.000000000000000000000001	0.000000000000000000000001	0.000000000000000000000001
PHOSPHORUS	0.0000000000000000000000005	0.0000000000000000000000005	0.0000000000000000000000005
SULFUR	0.0000000000000000000000002	0.0000000000000000000000002	0.0000000000000000000000002
CHLORINE	0.0000000000000000000000001	0.0000000000000000000000001	0.0000000000000000000000001
BROMINE	0.00000000000000000000000005	0.00000000000000000000000005	0.00000000000000000000000005
IODINE	0.00000000000000000000000002	0.00000000000000000000000002	0.00000000000000000000000002
THALLIUM	0.00000000000000000000000001	0.00000000000000000000000001	0.00000000000000000000000001
VALENTIUM	0.000000000000000000000000005	0.000000000000000000000000005	0.000000000000000000000000005
ACTINIDE	0.000000000000000000000000002	0.000000000000000000000000002	0.000000000000000000000000002
TRANSURANIC	0.000000000000000000000000001	0.000000000000000000000000001	0.000000000000000000000000001
PLUTONIUM	0.0000000000000000000000000005	0.0000000000000000000000000005	0.0000000000000000000000000005
AMERICIUM	0.0000000000000000000000000002	0.0000000000000000000000000002	0.0000000000000000000000000002
NEPTUNIUM	0.0000000000000000000000000001	0.0000000000000000000000000001	0.0000000000000000000000000001
PROMETHIUM	0.00000000000000000000000000005	0.00000000000000000000000000005	0.00000000000000000000000000005
BERYLLIUM	0.00000000000000000000000000002	0.00000000000000000000000000002	0.00000000000000000000000000002
LITHIUM	0.00000000000000000000000000001	0.00000000000000000000000000001	0.00000000000000000000000000001
SODIUM	0.000000000000000000000000000005	0.000000000000000000000000000005	0.000000000000000000000000000005
POTASSIUM	0.000000000000000000000000000002	0.000000000000000000000000000002	0.000000000000000000000000000002
CALCIUM	0.000000000000000000000000000001	0.000000000000000000000000000001	0.000000000000000000000000000001
MAGNESIUM	0.0000000000000000000000000000005	0.0000000000000000000000000000005	0.0000000000000000000000000000005
ALUMINUM	0.0000000000000000000000000000002	0.0000000000000000000000000000002	0.0000000000000000000000000000002
SILICON	0.0000000000000000000000000000001	0.0000000000000000000000000000001	0.0000000000000000000000000000001
PHOSPHORUS	0.00000000000000000000000000000005	0.00000000000000000000000000000005	0.00000000000000000000000000000005
SULFUR	0.00000000000000000000000000000002	0.00000000000000000000000000000002	

